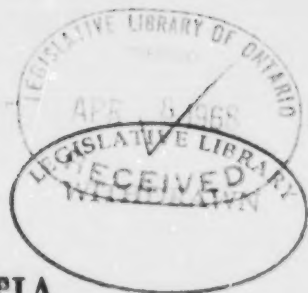


Voluntary
**ECONOMIC
PLANNING**



NOVA SCOTIA
VOLUNTARY PLANNING BOARD

**1967 ANNUAL REPORT
AND
ECONOMIC REVIEW**

101-03360/

NOVA SCOTIA VOLUNTARY PLANNING BOARD

1967 ANNUAL REPORT

AND

ECONOMIC REVIEW

FEBRUARY 1968

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the Minister of Finance and Economics
Province of Nova Scotia

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Halifax, Nova Scotia
February 6, 1968

The Honourable G. I. Smith
Premier
Province of Nova Scotia
Halifax, Nova Scotia

Dear Mr. Smith:

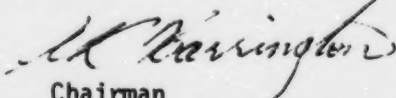
I have the honour to present to the Government the 1967 Annual Report and Economic Review of Nova Scotia by the Voluntary Planning Board.

We have set out an assessment of the Province's economy for the past year in relation to the targets which were established in our First Plan and the various Sector Reports. We have also analyzed the economy through 1965 and 1966 to a limited degree. Although the economy suffered from the reflected pressure of the national situation, and particularly from the Cape Breton situation, the Board feels that the recommended structure set out in the First Plan and the recommendations since made lead to optimism with respect to provincial economic growth.

Meetings of committees and advisory councils occupied much valuable time of the many voluntary members of the planning organization. The Board would like to point out to the Government the valuable contribution made by these people and at the same time, express its own appreciation of their efforts.

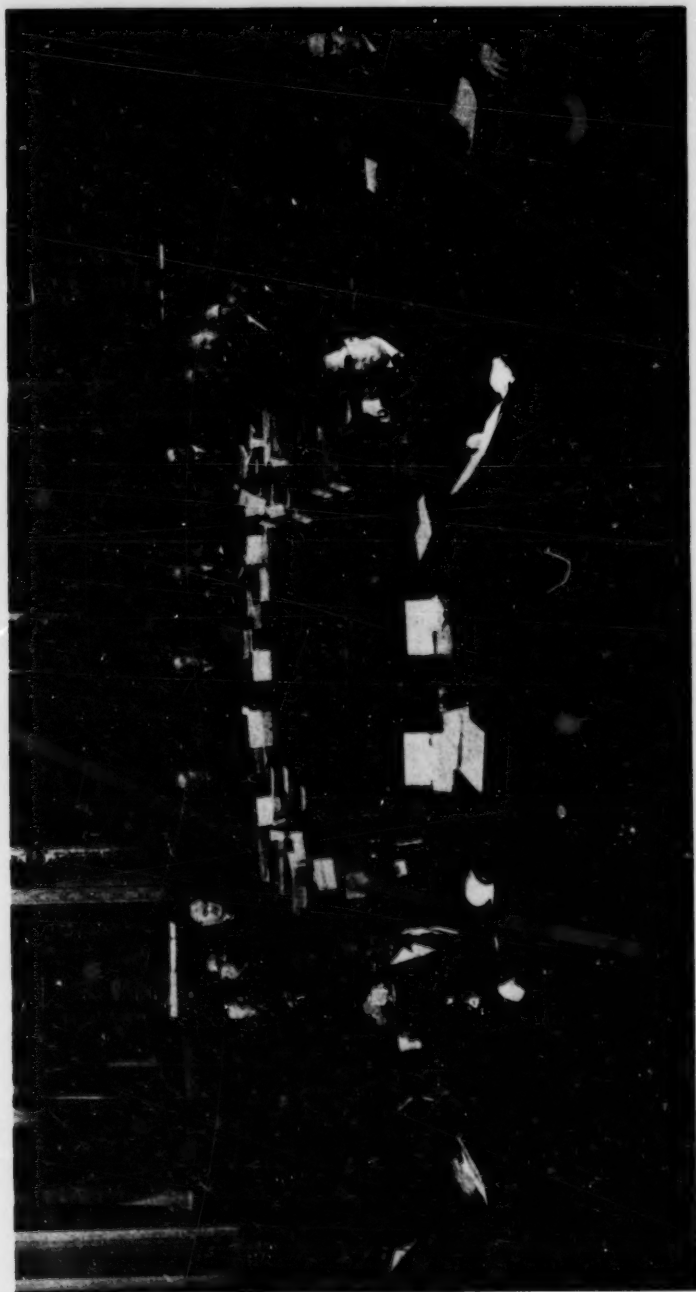
The Board wishes you to extend to the members of the House of Assembly its appreciation of the support given to the First Plan.

Respectfully submitted,



Chairman
Voluntary Planning Board





VOLUNTARY PLANNING BOARD MEETING, FEBRUARY 6, 1968



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SUMMARY

The Economy

Economic growth in the Province moderated in 1967.
(Pg. 7)

Agriculture

Soils and production facilities on Nova Scotia commercial farms must be upgraded. (Pg. 19)

Forestry

All present forms of forest land taxation should be reorganized into one single tax based on the land's yield. (Pg. 27)

Measures are necessary for the stabilization of the sawmill industry. (Pg. 23)

Transportation

Efforts must be accelerated to determine the ability of integral trains to reduce long distance transportation costs when operated in conjunction with port facilities for handling containerized and bulk cargoes. (Pg. 36)

Steel

The Sydney Steel Mill to be operated by a Crown Corporation while its future prospects are being determined. (Pg. 65)

Industrial Development Centres

These centres are emerging in the Province but more emphasis should be placed on improving their associated infrastructure. (Pg. 54)

Federal Development Programs

The Province should present a common front and create a common mechanism for dealing with all Federal development efforts in the Province.

CHAPTER I

VEP IN 1967

In the past year the Voluntary Planning Board continued to meet on a regular basis. These meetings were supplemented by meetings of its Executive Committee. Meetings were also held between the Executive and the three-man Cabinet Committee. Special committees of the Board and some Sector Committees were very active during the year.

Items considered at these meetings covered many matters of economic significance to the Province, from municipal forest taxation and agricultural grants to the Sydney Steelmaking Study, as well as activity in more far-reaching matters such as the Carter Royal Commission on Taxation and industrial relations. Representatives of the Atlantic Development Board, the Agricultural Rehabilitation and Development Agency, and the Department of Manpower and Immigration attended the Board's June meeting and outlined the operations of their respective agencies. Their talks were very informative and may be considered as the beginning of closer liaison between federal and provincial agencies involved in planning.

The Board's Municipal Forest Taxation Committee, which had been established in 1964, has given broad study to forest land taxation, and presented its report. Based on the findings of the Committee, the Board recommended the adoption of a new forest land taxation system. This recommendation was forwarded to the Government and it is now being studied. Under the recommendation, all present taxes on forest land would be incorporated into one single tax, a so-called "yield tax", based upon the value of trees when harvested. It further recommended that the levying, col-

lection and distribution to the municipalities of this tax and revenue be placed under the jurisdiction of one provincial body, for distribution to the municipalities. Chapter III contains a review of this proposal.

In mid-year, the Board set up a committee to study the report of the Carter Royal Commission on Taxation. After receiving the Committee's report, the Board arrived at ten conclusions on certain tax proposals contained in the Carter report which it deemed would have adverse effects upon national, provincial, and business development. These conclusions were submitted to the Federal Minister of Finance and may be found in Appendix C.

A great deal of the year's activity concerned steel.

At the initiative of the Board a joint committee had been set up in 1965 to study the Sydney steel situation. Represented on this Committee were the Voluntary Planning Board, the Atlantic Development Board (ADB), and Dosco Steel Limited (Dosco). Representatives of the Federal Department of Industry provided technical advice and assistance.

In order for the Committee to have full access to the information necessary for its task, it had been agreed that the Board's representative would not report back to the Board until the study became public. The Board thus had no prior knowledge of the Joint Committee's findings. In view of this the Board's Executive Committee, with the agreement of ADB issued a statement on July 27, 1967 urging that the Joint Committee's report be made public as soon as possible.

The Board continued to press for an early release and, on October 2, with agreement of ADB and Dosco, the report entitled "Sydney Steelmaking Study" was made public.

The report indicated that the future role of the Sydney steel plant was expected to be primarily that of a supplier of ingots and billets to Quebec mills

for rolling, and a manufacturer of rails. It was considered to be feasible for the mill to continue operations on this basis.

On October 11, the Board met and discussed the report for the first time. Prior to expressing any opinion on the report, the Board appointed a committee to assess the report's conclusions and their effects on the Province's economy. Two days later, and before this Committee could act, Dosco shocked the Province by their announcement that the Sydney steel mill would be closed on April 30, 1968.

On October 16, the Board's Executive Committee at a special meeting declared, "it is imperative that the Sydney steel operation remain in being at least until there is sufficient time to study and re-assess the situation."

On November 17, the Executive Committee recommended that a Crown corporation be established immediately by the Provincial Government to operate the Sydney mill as a going concern and if found practicable, instituting and maintaining the facilities required for continuous future operation. This recommendation added that the Government should make all endeavours to find at the earliest possible time a suitable private investment group to operate the steel plant, and stated that, in the efforts to maintain the Sydney operation, it is to be expected that the Federal Government will provide financial assistance.

Meanwhile, the Board's Steel Committee is continuing study of the Sydney steel situation and its relation to the Provincial economy. Chapter VI reports on the steel situation in much greater detail.

In the past year the Planning Board established a committee to investigate the housing situation in Nova Scotia in order to determine its influence and impact on industrial development. More specifically, it was desired to learn if there is a shortage of adequate housing facilities, and if so, where and the extent to which it may be retarding the growth of industry.

This Committee is representative of a broad range of interests covering all aspects of the subject.

To date the following preliminary conclusions have been reached:

- (1) The Province's growing industrial areas are faced with a critical shortage of housing.
- (2) Housing in other areas is not being upgraded to a standard which will encourage the settling of new industry.
- (3) There is scant basis for optimism that this situation will rectify itself, certainly not as rapidly as will be required.
- (4) A need for additional measures to stimulate the supply of housing is indicated.

Before pursuing these conclusions further and making recommendations, the Committee wished to become more knowledgeable regarding assistance currently available to accelerate the provision of housing. This information is in the process of compilation and it is anticipated that the Committee will be in a position to report its conclusions and recommendations to the Planning Board in the near future.

In 1967 the Planning Board dealt with policy proposals from the Forestry, Agriculture, and Transportation and Communication Sectors. These proposals are reviewed in Chapter III.

The Board prepared and forwarded a brief to the House of Commons Standing Committee on Transport and Communications originally scheduled to hold hearings in Halifax on February 21 and 22, 1968. These hearings were postponed and it is hoped that they will be held soon and give due consideration to the Board's brief as well as those prepared by others on the various transport and communication problems of the

Region. The Board's brief emphasized constructive changes in the Maritime Freight Rates Act and gave suggestions regarding port development. It was based on the transportation and communication section of Chapter III of this review.

The Board is greatly assisted in the fields of education, industrial relations and consumer affairs by advisory councils which have been very active during the past year. The report of the Education Advisory Council is contained in Chapter IV and the report of the Industrial Relations Advisory Council is contained in Appendix D. While special advisory councils were established by the Board to deal with education and consumer affairs, it was not felt necessary to establish a special advisory council for industrial relations. The Board, in recognizing the excellent work of the Nova Scotia Joint Labour-Management Study Committee which had been organized in 1962, and not wanting to duplicate their efforts, invited the Joint Study Committee to also act as its Advisory Council on Industrial Relations. The Consumers Advisory Council became active during the year. It proposed a number of recommendations, two of which received final approval by the Board in time for inclusion in this review under Appendix B. The remaining recommendations are being subjected to further evaluation by the Board. The Federal Government during the year established the Department of Consumer and Corporate Affairs and the Board looks forward to close co-operation between that federal body and its Consumers Advisory Council.

Showings continued of the film "And Now". In 1967 there were 79 recorded screenings to audiences totalling more than 3,000 persons. Special showings for government employees were given at the National Film Board theatre in Halifax.

The permanent staff of the Division of Voluntary Economic Planning has remained small. Much of its effort was expended in the study of the steel industry. As set out in the First Plan, some progress was made in establishing an economic research unit and in

determining the type of industry that might be attracted to the Province. The first stage of a two-year program to construct a regional planning model of the Nova Scotia economy in co-operation with the Dalhousie Institute of Public Affairs was carried out. The method being used is an accepted process of forecasting economic conditions and will generally assist in economic planning for the Province.

Staff assistance was also given to the Nova Scotia Centennial Conference on Education which was held in Halifax on September 21-23 by the Nova Scotia Education Association, and also to the Senior Management Conference on Modular Co-ordination which was sponsored by the Materials Branch of the Federal Department of Industry on October 17.

The economy's performance during the past year, along with other matters, are set out in detail in the following chapters.

CHAPTER II

THE NOVA SCOTIA ECONOMY 1967

Highlights of 1967

- Slow growth of employment in the Province; an increase in total employment of only 2,000 persons, falling 1,400 short of the First Plan's employment target.
- Average annual rate of unemployment increased to 5.6 per cent.
- Approximately 1,500 new jobs created in manufacturing but total manufacturing employment down by 500.
- Total personal income is estimated to have increased by 6.9 per cent, per capita by 6.8 per cent; this increase was mainly attributable to an 8.4 per cent increase in total wages and salaries.
- Investment is estimated to have risen by 20 per cent; two-thirds of this was the result of increased capital expenditures by governments and institutions.

The rapid growth which the Provincial economy enjoyed during the past few years moderated significantly in 1967. The slowdown in expansion started during the last half of 1966 and continued into 1967 with signs of a slight upturn during the latter part of the year. Despite the relatively small increase in the size of the labour force, employment did not increase sufficiently to prevent a rise in the number of unemployed. Output also failed to make any significant

CHART 1 POPULATION, NOVA SCOTIA

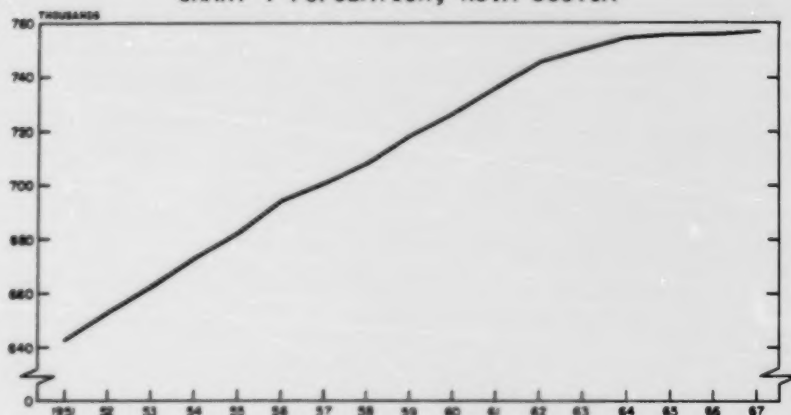


CHART 2 BIRTHS, DEATHS, AND NET NATURAL INCREASE IN POPULATION, NOVA SCOTIA

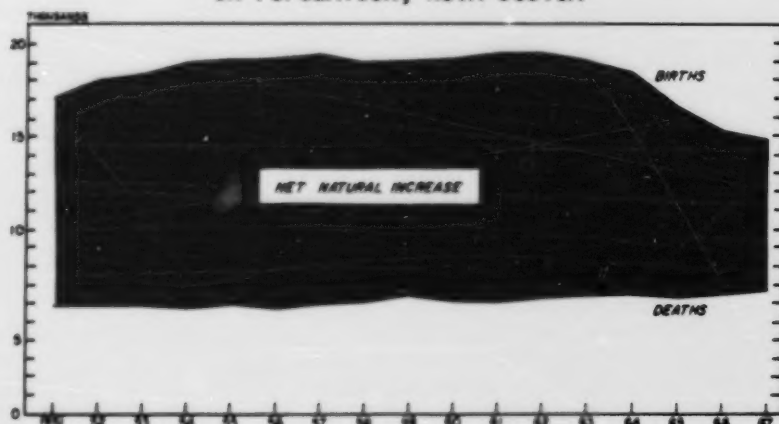
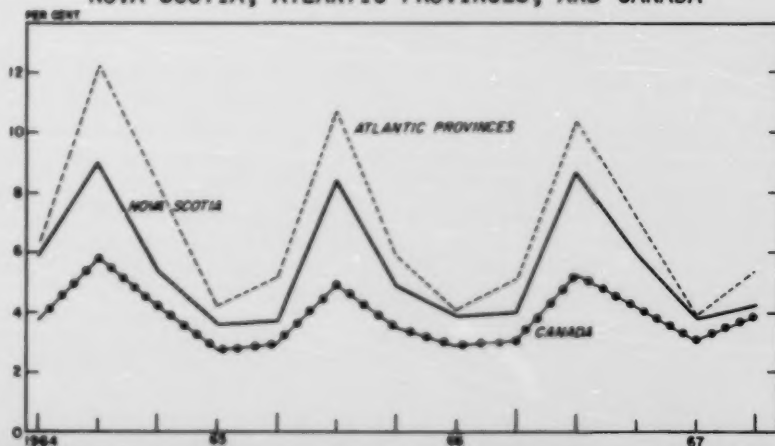


CHART 3 RATE OF UNEMPLOYMENT BY QUARTER NOVA SCOTIA, ATLANTIC PROVINCES, AND CANADA



gains. In contrast, total wages and salaries rose substantially accompanied by a more moderate increase in consumer prices. Investment has continued to provide a strong impetus for Provincial growth. The growth in public investment was particularly significant in 1967. While similar trends prevailed in the national economy, overall growth does not appear to have slackened to the same extent as in Nova Scotia.

Since 1962 the Province's population has increased at a slow pace (Chart 1). This trend continued into 1967 when the total population reached 757,000, an increase of only 1,000 persons over 1966. There appears to be two principal factors responsible for the slow expansion of population during the sixties. The first may be seen in Chart 2 which shows a sharp drop in the annual number of births after 1962. In the five years since 1962, the annual number of births has declined by 24 per cent. The second factor is the increase in the number of Nova Scotians leaving the Province to take up residence elsewhere. The annual net out-migration (the number of persons leaving the Province minus the number entering) during the last fifteen years has increased three and one-half times; from 1951 to 1955 the annual net out-migration averaged 2,200 persons while from 1961 to 1966 the average increased to 7,400 persons. This large volume of out-migration has had important implications for the Province's labour force both in labour force growth and age structure.

The Province's labour force averaged 251,000 persons in 1967, an increase of 3,000 persons over 1966. This represents a 1.2 per cent increase, less than half the labour force growth of the previous year. During periods of slow growth in the Provincial economy the increase in the size of the labour force tends to be small as employment opportunities are less plentiful. While in periods of rapid growth which is generally accompanied by rapid expansion of employment opportunities, many people are drawn into the labour force who would not enter in less expansionary times. Labour force growth at the national level continued to be substantially higher (3.7 per cent in 1967) than in Nova Scotia. This difference in labour force expan-

CHART 4 LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT
BY QUARTER, NOVA SCOTIA



CHART 5 AVERAGE MONTHLY ESTIMATES OF EMPLOYEES
FOR CERTAIN INDUSTRIES, NOVA SCOTIA

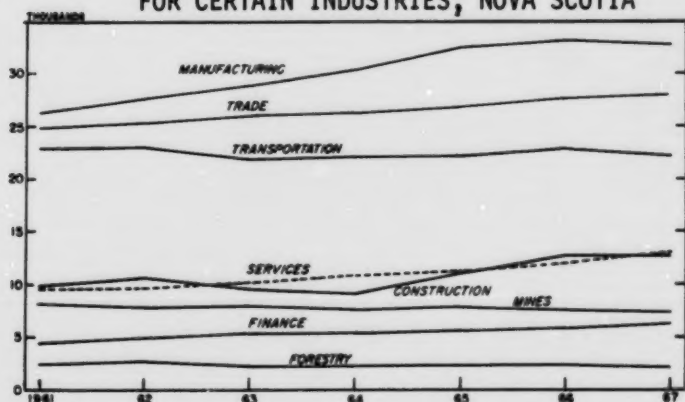
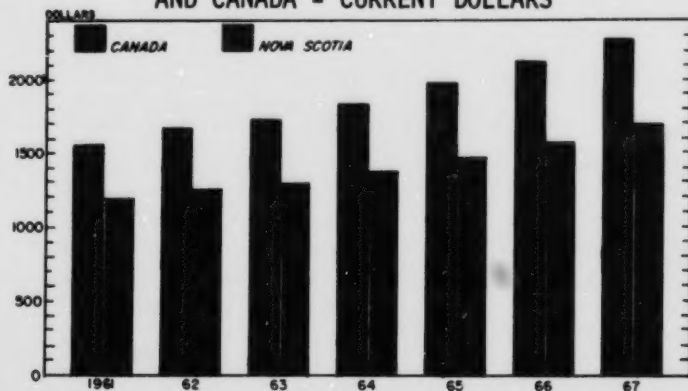


CHART 6 PERSONAL INCOME PER CAPITA, NOVA SCOTIA
AND CANADA - CURRENT DOLLARS



sion has partially resulted from the high out-migration which has occurred in the Province during the past years.

The average number of persons employed in the Province during 1967 increased by 2,000 bringing the total employed to 237,000. This is down considerably from the past several years, when employment increases averaged between 5,000 and 6,000 persons. As a result of the small increase in employment, unemployment rose for the first time since 1961. The average number of unemployed increased from 13,000 to 14,000 in 1967, producing a rate of unemployment of 5.6 per cent. The increase in unemployment was particularly strong during the first half of 1967. The level of unemployment in Nova Scotia was 1.5 per cent above the average national rate for the year (see Chart 3). Chart 3 shows the pronounced seasonal variation in employment that is found in Nova Scotia and the Atlantic Provinces compared to the nation as a whole. This seasonal effect has an influence on the income disparity which exists between the Province and the other parts of the nation. In the Province, region and nation these fluctuations have tended to narrow in recent years indicating a more stable level of employment.

Employment in the commodity producing sectors was down slightly from last year. The primary sectors of mining and forestry continued to decline while for the first time in the sixties manufacturing employment declined slightly by approximately 500 persons (see Chart 5). This decline in manufacturing employment occurred despite the approximately 1,500 new jobs that were created through industrial expansion. Total employment in the construction industry did not change significantly in 1967. Employment increases predominated in service activities with substantial gains made in trade and business and personal services.

Total personal income is estimated to have increased by 6.9 per cent in 1967. This is a larger increase than was experienced in 1966. It represents an annual increase of \$108 per person in 1967, and \$439 in the five years since 1962. Over half of this

CHART 7 AVERAGE WEEKLY WAGES AND SALARIES
FOR SELECTED INDUSTRIES, NOVA SCOTIA

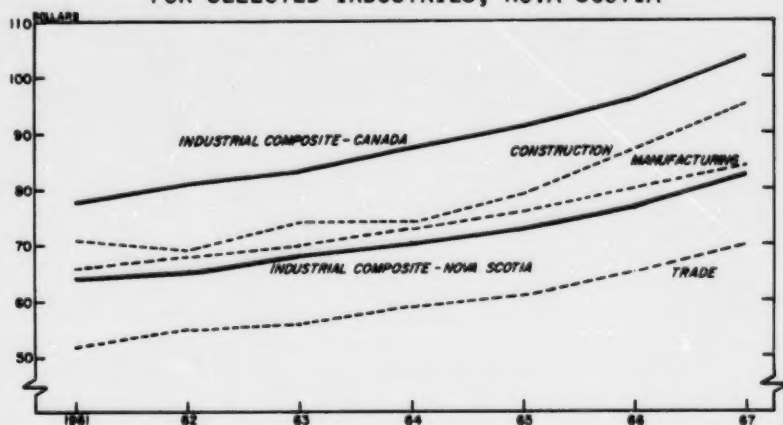


CHART 8 CAPITAL EXPENDITURES, NOVA SCOTIA

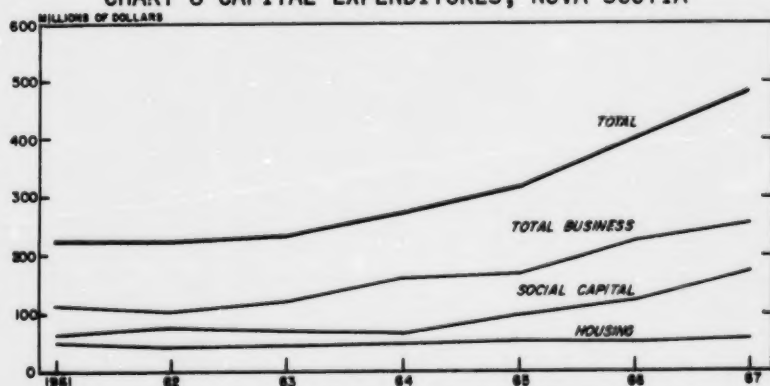
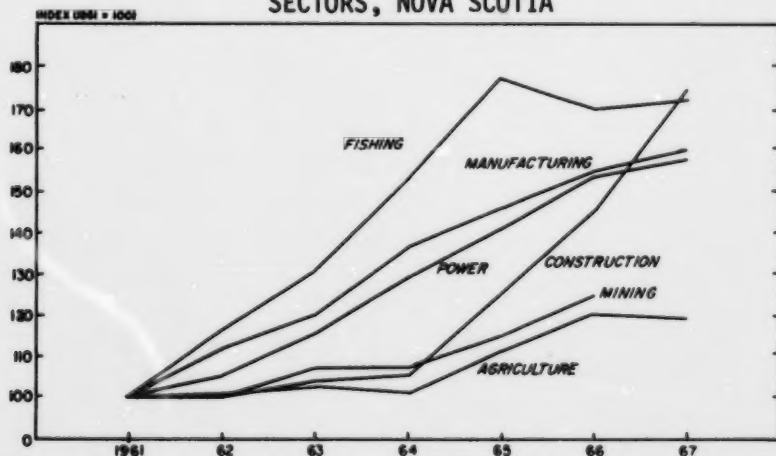


CHART 9 INDEX OF OUTPUT OF COMMODITY PRODUCING
SECTORS, NOVA SCOTIA



increase has resulted from rising wages and salaries. On a per capita basis income for 1967 is estimated at \$1,691, an increase of 6.8 per cent, again a larger increase than was experienced in 1966. Canadian per capita income is expected to increase 7.5 per cent, further widening the differential between the Province and the nation. This differential would amount to \$604 per person. The past year was the first time since 1962 that per capita personal income in Nova Scotia declined as a per cent of Canada (from 74.2 per cent in 1966 to 73.7 per cent). Chart 6 illustrates the widening income disparity since 1961. Total wages and salaries in the Province, which make up about 60 per cent of personal income, increased by 8.4 per cent over the previous year. As employment did not increase substantially during the past year, the major increase in total wages and salaries resulted from higher average weekly earnings. Overall average weekly earnings in Nova Scotia increased considerably more than in 1966 (7.4 per cent versus 4.8 per cent). The transportation and communications industry experienced the largest increase in average weekly earnings followed by construction and trade. The increase in weekly earnings in Nova Scotia was greater during the past year than that experienced at the national level (Chart 7).

Since 1963 investment has provided a strong stimulus to the Provincial economy. This pattern did not change in 1967. Based on mid-1967 estimates of investment intentions, total investment was expected to increase slightly over 20 per cent in 1967. Unlike 1966 where business investment, particularly in manufacturing, was responsible for a large part of the growth in investment for that year, almost two-thirds of the 1967 increase was concentrated in investment in social capital. This increase came principally in Government expenditures in the fields of highways, education, health, and outlays for Centennial projects. Investment in social capital remained relatively stable from 1961 to 1964 but has since risen steadily (Chart 8). Mid-year intentions for business investment show an approximate 12 per cent increase for 1967 resulting from a 50 per cent increase in investment in utilities and a 21 per cent investment increase in the primary

CHART 10 VALUE OF CONSTRUCTION WORK PERFORMED
NOVA SCOTIA

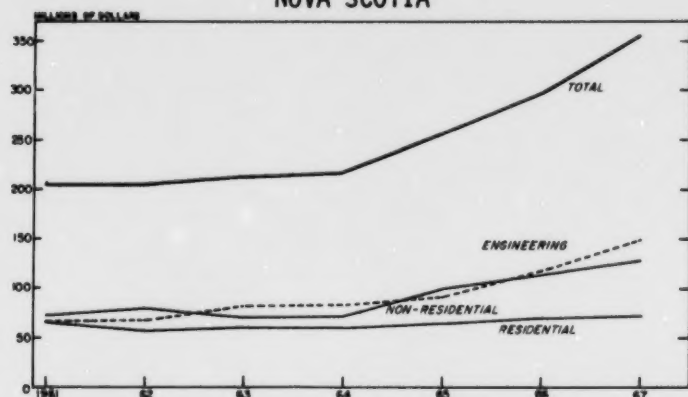


CHART 11 RETAIL TRADE PER CAPITA
NOVA SCOTIA AND CANADA

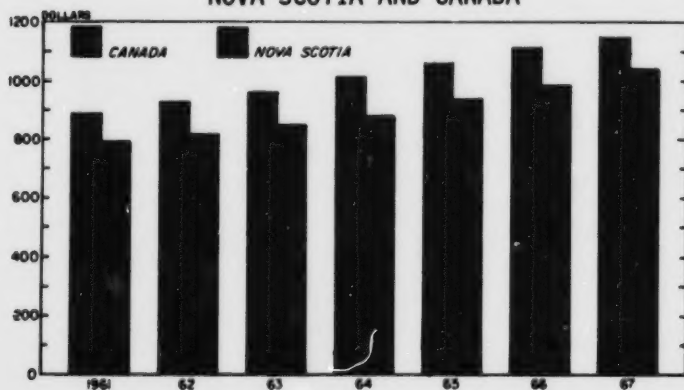
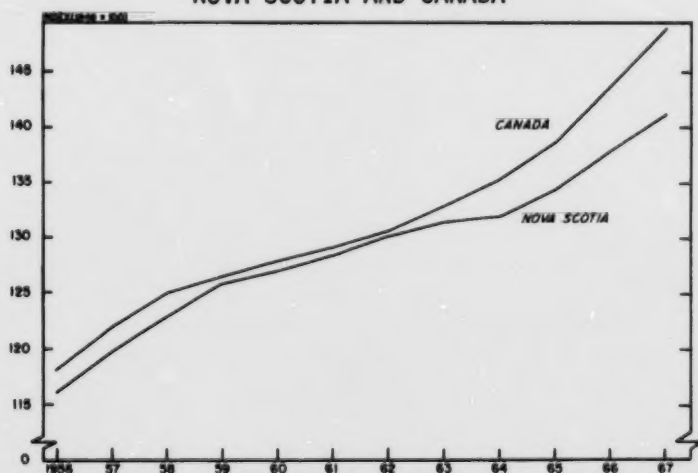


CHART 12 CONSUMER PRICE INDEX (ALL ITEMS)
NOVA SCOTIA AND CANADA



industries (including the construction industry). For the first time since 1962 there has been a slight decline in manufacturing investment. Indications are that investment in housing recovered in 1967 after a moderate decline in 1966. Per capita investment increased by 20 per cent to approximately \$635 per capita. While the expansion in investment at the national level is expected to be a modest 4.7 per cent, the disparity between per capita investment in the Province and the nation continued to decline in 1967. The differential has narrowed to \$129 from \$257 in 1957 when the gap was the widest.

The volume of output in commodity production in the Province during 1967 is not expected to show any substantial growth (see Chart 9). Output in fishing, mining and manufacturing was estimated to be down slightly, while output in forestry, construction and power increased.

In the primary activities forestry was the only sector to show significant gains. The production of sawlogs is estimated to have dropped 6 per cent due to poor weather conditions which hampered cutting, uncertain lumber markets and, to a limited extent, the shortage of woods labour. However, the 23 per cent increase in pulpwood production more than offset the decline in sawlogs. Pulpwood production increased due to the addition of two new mills, one a hardboard mill and the other a sulphate pulp mill. Pulpwood cut for the export market declined.

Production in mining and fishing was down. Coal production, which dropped 3 per cent showed a continuation of the trend of the last four years. Gypsum production declined by over 10 per cent due to the fall off in United States' demand. Salt production increased by 10 per cent. Fish landings are expected to be down by less than 1 per cent. While groundfish landings were down by approximately 5 per cent principally due to marketing conditions, the landings of herring increased by 18 per cent. Landings of shellfish were down slightly, particularly scallops. Due to increased prices landed value is estimated to have increased by 2.5 per cent.

Agricultural production is estimated to have increased slightly in 1967. Fruit production, including apples, strawberries and blueberries, was up with record crops in all three. Milk production was also up. However, farm cash receipts are estimated to have fallen less than 1 per cent due to lower prices for potatoes, hogs and eggs.

While the value of the construction industry's output (as indicated by the mid-year investment survey) in 1967 indicates nearly a 20 per cent increase -- a substantial portion of this represents price increases. The largest increase was in engineering construction resulting from increased construction of roads and electric power facilities. Much smaller gains were recorded in building construction (see Chart 10). In the larger urban centres (population of 10,000 or over) new residential housing starts were nearly the same as in 1966 (up 3 to 1,478 starts) while housing completions declined by 38 per cent.

The value of manufacturing production rose by approximately 3 per cent. Taking into account price changes, it is estimated that actual output was down slightly.

Consumer demand continued to increase in 1967 with per capita retail sales increasing by 5.9 per cent in Nova Scotia. This represented a slightly greater expansion in per capita sales than was experienced in 1966. This is in contrast with national experience where the growth in per capita retail sales was not as great in 1967 as it was in 1966. Furthermore, Nova Scotia's expansion in per capita retail sales has continued since 1964 to increase at a greater rate than the sales at the national level (Chart 11).

Consumer prices in the Province (measured by consumer price index for Halifax) continued to increase at a faster rate than prevailed in the period 1961 to 1965 (Chart 12). However, prices in 1967 rose 2.3 per cent compared with a 2.7 per cent increase in 1966. At the national level, prices showed a similar trend with a rise of 3.5 per cent, down slightly from last year's 3.7 per cent. Consumer price increases

were particularly evident in the following goods and services; health and personal services, clothing, recreation and reading, and tobacco and alcohol.

Labour disputes in the Provincial economy were much in the news in 1967. There was an increase in the total number of strikes and lockouts of 11.3 per cent. However, during the first ten months of the year, man-days lost through strikes and lockouts declined by 15.7 per cent compared to a similar period in 1966, which was a particularly bad year with the number of man-days lost almost three times as great as in 1965. The amount of time lost in the first ten months of 1967 amounted to approximately 44,000 man-days.

There were two major international events which occurred during 1967 and will have a certain significance on the future of the Nova Scotia economy. These were the completion of the Kennedy Round negotiations and the devaluation of the pound sterling. The tariff reductions resulting from the Kennedy Round agreement will be in most instances either too small or will occur in products where tariffs did not constitute the major barrier to trade. Moreover, many of the tariff reductions which would have been of value to Nova Scotia were not included in the negotiations. However, products such as hardboard and electric equipment should benefit to some extent. While it is still too early to evaluate the precise effect of the devaluation of the pound sterling, it presently appears that it will have an adverse effect on the marketing of Nova Scotia apples, lumber, cured fish and textiles. The pleasure boat and ship building industry is expected to reap some benefits by being able to acquire cheaper inputs from the U.K.

The outlook for the Provincial economy for 1968 is uncertain. There are indications that investment in Canada will be down slightly next year. At present it is difficult to determine whether this will carry over into Nova Scotia. This year Nova Scotia's investment did not follow the trend at the national level. It is expected however that Government spending will not increase to the same extent as occurred in 1967. In

view of the monetary problems which the national economy is presently facing, and the lack of strong investment growth, it is doubtful that economic growth in 1968, at least during the first half, will improve much over 1967.

CHAPTER 111

PRINCIPAL POLICY DEVELOPMENTS BY THE SECTORS IN 1967

The Board dealt in 1967 with several major policy proposals emanating from the Forestry, Agriculture and Transportation and Communication Sectors. Those approved are reviewed in this chapter. A complete listing of all Sector Committee recommendations approved by the Planning Board in 1966 and 1967 may be found in Appendix B.

Work in several of the sectors has been delayed in anticipation of the release of a number of major studies and surveys conducted under the auspices of Federal planning agencies such as the Atlantic Development Board (ADB) and the Agricultural Rehabilitation and Development Agency (ARDA). It is presumed that the data and material gathered by these studies will fill many of the information gaps presently frustrating the planning efforts of several of the sector committees.

It would be not only wasteful, but impractical for the Planning Board to duplicate the ground work already done by these Federal planning organizations. In view of this, it is very important that these studies be made available for sector committee use without further delay.

Agriculture Sector

Soil Development

Nova Scotia agriculture continues to fall short of producing Provincial requirements of certain commodities despite evidence to suggest that the Province could be self-sufficient in at least some of

these products. Beef and hog production is still well below consumption requirements and the balance must be purchased outside the Province. The most serious deficiency, however, is in the production of feed grain. Although feed grain is basic to the livestock and poultry industries, the bulk of Nova Scotia consumption is purchased from Western Canada on a freight assisted basis. Loss of this assistance would cause most of Nova Scotia's poultry industry and much of its hog industry to collapse. It is therefore desirable, insofar as economically feasible, that the Nova Scotia agriculture industry should strive to meet its own feed grain requirements.

A previous Agriculture Sector recommendation (No. 5 in the "First Plan") called for the "establishment of a permanent feed freight assistance policy". At that time, it was not considered possible for home-grown grain to compete with the laid down cost of western feed grain. However, recent evidence seems to indicate that it is feasible, at least in certain areas of the Province, to grow these grains in competition with Western Canada. For the present and undoubtedly for some time to come, the majority of Nova Scotia farmers are and will be dependent on feed grain transportation assistance for their continued existence.

In view of this, and providing that it continues to be demonstrated that Nova Scotia can consistently grow feed grains in competition with western grain, the Planning Board recommended that:

An incentive program for soil development and increased production of feed grain and grain products should be instituted in Nova Scotia in order to reduce and, if possible, eliminate the need for transportation assistance on imports of these products.

Productivity

On examining the problem of productivity and low net income, the Sector Committee concluded that substantial injections of capital funds were required

to enable the industry to attain its potential. The Committee felt that a program of capital grants was the most appropriate means to provide the capital required to reduce the difficult problems confronting agriculture. With respect to planning for increased production through a program of capital grants, the Committee made the following recommendations to the Board:

The Agriculture Sector Committee charges itself with the responsibility of establishing long-range goals for the development of the agriculture industry in the Province.

As part of its goals the Committee should strive by full utilization of resources to expand agriculture in those areas of production which are economically feasible, and that it concern itself exclusively with the viable or potentially viable farmer.

The first step to achieve the above goals would be to use a capital grant program to implement a soil building program. As a further or second step designed to keep the program flexible, provision should be made to apply capital grants to areas other than soil building where management advice indicates the case to be justified.

With regard to the disbursement of capital grants:

- (a) distribution should be made through existing agencies; and
- (b) grants should be allocated on an individual merit basis.

These recommendations have important implications. The emphasis on the viable and potentially viable farmer and on individual merit as a criteria for assistance indicates a recognition of the need to adjust

to change -- the need to expand the size of farm units, the need to separate the agricultural problem from the welfare problem, the need to upgrade management skills, and the need to adopt a business approach to farming. This recognition is essential if Nova Scotia farmers are to compete successfully in world markets. For producers to resist the trend to larger, more efficient farm units could be futile and disastrous not only for themselves but for the whole industry as well. Efforts must be concentrated on all measures which will reduce costs and yield a higher net return to the operator.

Soil development is a major objective and, therefore, should be encouraged. This entails clearing, leveling, drainage, ditching, rock removal, fertilization, etc. However, in certain cases, capital may be more urgently required for other purposes, e.g., for construction of barns and purchases of equipment. It is believed that capital grants can be applied usefully in these areas but only when farm management advice indicates that such investment is justified.

In order to cut production costs and gain higher net returns, it will be necessary for agriculture in Nova Scotia to make better, more efficient use of the production factors at its command. This will involve taking advantage of every cost cutting innovation that today's new technology can provide. This in turn will demand a substantially higher level of educational attainment than has been necessary in the past.

In recognition of this fundamental need, the Sector Committee stresses the importance of attracting qualified youth to the Nova Scotia Agricultural College. As one means to this end, it recommends a more liberal scholarship program for Nova Scotia students attending the College.

Expropriation of Land

The Sector Committee has concluded that the Nova Scotia Expropriation Act is unjust and outdated and should be revised. Statements have been made that in some cases the rights of property owners have not been

given the consideration they deserve. The Planning Board agreed that in many ways the Act had become outdated and did not always ensure that claims would be promptly handled and equitable settlements given. Moreover, it is not satisfied that when public rights of way are being planned due consideration is always given to assure optimum land use.

In order that constructive changes in the Expropriation Act may be recommended to Government, the Board established a committee representing land owners, and land use planners and other interests. The Committee was directed to investigate the whole field of property expropriation and highway location and to make recommendations to the Board designed to eliminate injustice and deficiencies wherever they may be found.

Forestry Sector

Sawmill Stabilization

In January of 1967, the Forestry Sector Committee was brought together to receive a delegation representing the sawmilling industry of Nova Scotia, under the auspices of the Nova Scotia Forest Products Association.

This delegation drew attention to the critical situation confronting their industry with respect to its supply of sawlog material and its difficulties in meeting rising production costs. Attention was drawn to the interlocking nature of these two factors and the manner in which they aggravate each other. To counteract rising production costs, new, more productive manufacturing facilities were felt to be urgently required. However, it was explained that the industry did not have sufficient reserves of raw material under its control to justify these costly facilities.

Looking toward the future, the sawmill representatives predicted that if this shortage of raw material could not be rectified successfully, their industry would fall into the hands of a few large pulp and paper corporations within a decade. To

forestall this possibility, and to stabilize the industry, several proposals were advanced by this delegation for the Sector Committee's consideration. These proposals may be found in Appendix B as part of Forestry Sector Recommendation No. 2.

In general, these proposals involve a program under which remaining uncommitted Crown and privately held forest lands could be consolidated into larger blocks. These combined lands could then be made available for lease to appropriate sawmill operators for extended periods sufficient to justify capital expenditures for more economic production facilities.

A unique feature of these proposals involved the introduction of a policy by the Government under which a sawmill operator could transfer title of his combined land holdings to the Crown, regardless of how widely scattered, in return for an equivalent credit against stumpage levies for sawlogs drawn from Crown Lands located in the vicinity of the operator's production unit. Such arrangements would be protected by long-term lease agreements.

In considering these proposals, many obstacles were foreseen in their application. It was questioned whether or not the Crown still possessed an adequate volume of mature or near mature stock to fully provide for the lumber industry's needs, at least for the immediate future. However, the Sector Committee was in complete agreement with the urgent need of a forest policy which would provide a necessary measure of security and stability for the sawmilling industry.

Considering the fact that the pulp industry possesses a substantial volume of wood reserves that could be utilized to better economic advantage by the lumber industry, and vice versa, it was felt that an arrangement under which the two interests could make an equitable exchange of these raw materials was necessary. Such an arrangement would permit maximum utilization of the resource.

In response to the foregoing proposals, the Sector Committee forwarded three recommendations (See Appendix

B, Forestry Recommendations Nos. 1 to 3) to the Planning Board. Briefly these recommendations asked the Government to lease Crown Lands, on a long-term basis, to other forest-based industries under an arrangement similar to those which have been made with pulp and paper companies; to consider the five-point proposal advanced by the sawmilling industry as one of several principles under which long-term lease arrangements could be implemented; and to sponsor meetings between lumber and pulpwood interests to discuss the interchange of wood resources.

These recommendations were approved by the Board in February, 1967, and forwarded to Government immediately.

In April, the Board through its Executive Committee requested a status report from Government on this matter.

A reply was received to the effect that Government was keenly aware of, and sympathetic to, the problems being faced by the sawmill industry and was anxious to do what it could to resolve them.

It pointed out that these problems were exceedingly complex and that efforts were being devoted to finding solutions that would be fair and equitable to those concerned.

In subsequent discussion of the matter by the Planning Board, it was noted that a comprehensive policy for the preservation, development, allocation, and utilization of the forest resource does not seem to be in existence. In the past, individual problems concerning resource allocation have of necessity been considered to be a dangerous procedure, particularly when it may culminate in commitments running many years into the future.

The Board felt that basic policy first needs to be clarified on such matters as:

1. the extent to which the use of public funds is both justifiable and possible

for the conservation and further development of the resource

2. the optimum balance and mix of forest industries needed to yield maximum net return to the Provincial economy
3. the need for making provision for recreational land areas
4. the extent to which it is both possible and desirable to add forest land to the Crown holdings, etc.

With considerations such as these in mind, the Board concluded that high priority should be given to the development of long-range policy objectives for the management of the forest resource, together with the broad outlines of how these objectives should be reached. The Board has requested that the Government initiate proceedings toward this end. (See Appendix B, Recommendation No. 8).

Although the Government has indicated that it would like further definitive details from the Planning Board on this matter, the Board, after further consideration, feels that the formulation of such basic policy remains within the responsibility of Government. However, the Board is prepared to assist and co-operate in this task in every way possible under Government leadership.

Until this is done and future policies pertaining to the resource are known, the Board is aware that it will be very difficult for the segment and sector committees to work out practical plans for the future, certainly with any degree of realism.

The position of the sawmilling industry provides a case in point and lends additional urgency for Government action on this matter. This industry cannot come forward with detailed plans for its future until answers to basic questions concerning the forest resource have been clarified.

It is the intention of the Board to continue to press for action on this matter.

Municipal Forest Taxation

Another major item occupying the Forestry Sector Committee's attention during the year was the report of the Board's Municipal Forest Taxation Committee. In the early stages of the Sector Committee's work in 1964, a recommendation was forwarded to the Planning Board requesting that forest land taxation procedures be improved. The Sector Committee, at that time, had concluded that any attempts to stimulate improved forest management would be nullified by existing forest land taxation methods and procedures. The Committee stressed that a taxation structure was required that would:

1. provide an incentive for, or at least not discourage forest improvement;
2. bring about uniformity and equity throughout the Province in forest taxation procedures; and
3. provide assurance that the total tax payable against any given forest crop in the near or far future will be predictable and constitute only a reasonable proportion of that crop's value at the time of the harvest.

The Planning Board accepted these conclusions and appointed a Municipal Forest Taxation Committee in April, 1964. It directed this Committee to undertake a study of forest land taxation and to make recommendations for a new or improved system for the Board's consideration. The Board further directed that the composition of this Taxation Committee should include representatives from the Union of Nova Scotia Municipalities, the Department of Lands and Forests, the Department of Municipal Affairs, the Nova Scotia Forest Products Association and the Nova Scotia Section of the Canadian Institute of Forestry.

The Taxation Committee during the course of its

work made detailed studies of two taxation systems based on a "yield" taxation system as applied in the State of New Hampshire.

The Committee was unable to reach unanimity of opinion and presented a majority report of its conclusions to the Board in April, 1967. This majority report called for the abolition of the present "ad valorem" system of taxation in favour of a new system based on the "yield" of forest land and payable only when a forest crop or fraction thereof is harvested.

When reviewing this report, the Board invited representatives from both the majority and minority groups of the Taxation Committee to present their respective cases. Following this the Board requested that both minority and majority reports should be referred to the Forestry Sector Committee for evaluation and that the Committee should advise the Board of its conclusions. The Board also requested that the Sector Committee invite suitable representatives from agriculture and municipal government to participate in this evaluation.

Acting on this directive, the Sector Committee met in June and July of 1967. To expedite its work, the Sector Committee found it necessary to confine its attention to the principles involved and refrain from debating technicalities which would arise from the application of these principles. In due course the Sector Committee reached unanimous agreement on the following conclusions and recommendations stemming from its evaluation of these reports.

1. The Provincial Fire Tax on forest land should be rescinded.
2. The Provincial Land Tax on forest land should be rescinded.
3. The Department of Municipal Affairs for Nova Scotia should be authorized to engage technical personnel to assist in improving property ownership records and to speed up the mapping process in the newly

established regions.

4. All taxes on forest land in Nova Scotia should be incorporated into one single tax and it should be in the form of a forest yield tax; the revenue now derived from the Provincial fire and land taxes should be considered when setting the rate for the yield tax; and the yield tax should be assessed, levied, collected and administered by one single Provincial body.

The Forestry Sector Committee further advised that the following summarized guidelines be followed when implementing the foregoing recommendations.

1. A Forest Yield Tax Commission should be set up to draft the legislation and regulations required to impose, collect and distribute forest tax revenue to the municipalities.
2. The tax should be applied to all primary forest products on the basis of their stumpage value at the time of cutting, excepting materials harvested for the owner's personal use, and materials from lands encumbered by prior agreements while these agreements remain in force.
3. There should be a Province-wide stumpage rate for each class of material cut.
4. Stumpage rates should be established with reference to the Forestry Sector Committee's advice and at levels which do not favour one type of crop (in the end use sense) over another.
5. All freehold and leased wild lands principally held for the production of forest crops to be exempted from all forms of land taxes by the municipality. All other land and buildings thereon to be subject

to municipal taxation as at present. For multiple use land, existing municipal taxes to apply excepting for the value of any commercial forest crops which must not be included in the assessment of such land.

6. To compensate the municipalities for the resulting loss in revenue, the Provincial Government through the proposed Tax Commission would make grants to the municipalities similar to the revenues which will be lost. These grants would be set for a period of time such as five years and reviewed at the end of each period. In establishing these payments, the total acreage of all wild land should be included, both freehold and Crown, excepting those wild lands being used for purposes other than the production of forest products.

In addition to these recommendations, the Sector Committee made suggestions relating to reporting times and procedures by the purchasers of forest crops, enforcement, penalties, and possible methods for providing for the transition from the present tax system to the yield tax system.

It concluded its work by emphasizing that many details of this system remain to be resolved and that this should be done by the proposed Taxation Commission working in close liaison with the Sector Committee to gain the benefit of its advice and support.

In November, 1967, the Planning Board gave approval to the recommendations of its Forest Taxation Committee, as amended by the Forestry Sector Committee, for the adoption of a new forest land taxation system based on the land's yield. These recommendations have been forwarded to the Government and are now under study.

Transportation and Communication Sector

The Atlantic Provinces Transportation Study commissioned by the Atlantic Development Board and undertaken by the Economic Intelligence Unit of London, England, was released in 1967. Those sections which are relevant to Nova Scotia have been assessed by the Transportation and Communication Sector Committee.

Highways

The Committee was in general agreement with the highway construction programs, as proposed in the study, which suggested the following projects:

1. The Halifax-Truro Highway will require upgrading to four lanes by 1970 as a matter of priority.
2. The Halifax-Digby Highway should be improved and brought up to all-weather standards by 1970.
3. The North Sydney-Glace Bay Highway will require four lanes by 1980.

The Sector Committee felt that construction of the proposed all-weather highway to link Halifax and Digby should be extended to Yarmouth. In conjunction with anticipated improvements in the ferry service between Yarmouth and Bar Harbour, Me., this highway would encourage trade with the New England States and benefit the Nova Scotia tourist industry.

While the Board was in general agreement with these recommendations it felt that completion dates for the construction program suggested in the study were not within the capability of the Nova Scotia construction industry and the Nova Scotia Department of Highways. It therefore consulted the Planning Division of the Nova Scotia Department of Highways to obtain this department's opinion as to the feasibility of meeting the suggested dates. With its advice, the foregoing recommendations were altered as follows.

1. The Halifax-Truro Highway will require upgrading to four lanes by 1972 as a matter of priority.
2. The Halifax-Digby-Yarmouth Highway should be improved and brought up to all-weather standards by 1971.
3. The North Sydney-Glace Bay Highway will require four lanes by 1980. (However, the Board felt that four lanes linking Sydney and Glace Bay may be required before 1980 and therefore requested the Transportation and Communication Sector Committee to examine this possibility and make a further recommendation to the Board).

The Sector Committee also was of the opinion that the Atlantic Provinces Transportation Study did not give adequate consideration to the limitations of that portion of Highway No. 4 connecting the Strait of Canso region with the Sydney area. This highway is the most direct link between these regions by a margin of 26 miles. However, it is a slow route and entirely unsuited to the freight and passenger needs of today's highway traffic.

This highway originally served as the main trunk route. However, when the Trans-Canada Highway was being planned, it was decided to route it via Baddeck to serve the dual purpose of upgrading the route to Sydney while at the same time opening hitherto relatively inaccessible territory to tourist traffic. This decision, while it provided a new, much improved route to Sydney, increased the distance by 26 miles, from 84 to 110.

In contrast to the Sydney area, with its surplus labour pool, concentration of industrial services and uncertain future, the Strait of Canso area is building up rapidly.

It therefore would seem not only desirable but essential to provide the shortest possible route

connecting these two areas. This would permit a tighter economic linkage of the areas and facilitate their mutual support through the rapid exchange of goods, services and labour. Toward this end the Planning Board approved the Sector's recommendation that:

The Atlantic Development Board be requested to devote further study to the potential benefits to be derived from upgrading Nova Scotia Highway #4 between Port Hawkesbury and Sydney, and to assist in providing this facility.

Seaports and Related Services

In connection with Nova Scotia deep-water ports, the Sector Committee found a serious shortcoming in that section of the Atlantic Provinces Transportation Study dealing with the Ports of Saint John and Halifax. Rather than follow a more constructive approach in arriving at future prospects for the Port of Halifax, those conducting the study merely made a projection of past trends. To be content with this procedure would be to passively accept the negative conclusion that there is very little future for the Port of Halifax or any other Nova Scotia port.

It would have been much more beneficial had the study brought its imagination to bear on the future potential of Nova Scotia's ports in the light of the technological developments of the past few years. To review briefly, Nova Scotia is recognized as having several of the finest deep water, sheltered, ice-free harbours in the world. Moreover, ports comparable in natural advantages are almost non-existent anywhere else along the entire eastern coast of North America.

In the past, Nova Scotia's isolation with respect to the industrial concentrations of Canada and the United States because of inadequate land transportation linkages has worked to her disadvantage. Therefore, it was only natural that shippers to offshore markets would seek to minimize the higher costs of overland transport by routing their goods via either St. Lawrence ports or

New York. This permitted these ports to develop rapidly and to the point where they have been able to attract a very much greater frequency and versatility of shipping services than those presently available at Nova Scotia ports. This has placed Nova Scotia ports at a further competitive disadvantage which is becoming increasingly more difficult to overcome.

However, Nova Scotia's past locational disadvantage is now showing very promising signs of becoming a highly significant advantage; and one that appears to have been overlooked in the Atlantic Provinces Transportation Study.

By applying today's technology, evidence indicates that it is now possible to lower overland transportation costs below those of water borne transportation. When this fact has been adequately demonstrated, a complete reversal of traditional transportation policies and procedures will be necessary. Shippers will seek to maximize the land distances cargo is transported and minimize sea distance. Nova Scotia ports, situated closer to Europe than any other point on mainland North America, will then have a very distinct advantage over their traditional competitors.

Two recent studies have investigated these possibilities very carefully. The first, known as the "Kauffeld Report" was commissioned jointly by the Port of Halifax Commission, the City of Halifax, and the Province of Nova Scotia. It was undertaken by the New York consulting firm of Theodore J. Kauffeld. This report has been made available, on a confidential basis, to the Planning Board staff for study.

The second study, titled "Containerization: The Key to Low Cost Transport", was commissioned by the British Transport Docks Board and was undertaken by McKinsey and Company Inc. of London, England.

Each of these studies confirms the conclusions of the other. Summarizing very briefly, the Kauffeld Report emphatically states (from a supporting data base) that overland transportation costs for freight can be reduced substantially below water transportation costs.

To achieve this goal, the first step is said to be the abandonment of traditional transportation thinking, methods, equipment, and procedures.

It is pointed out that in the past transportation from A to B has been subdivided into a multitude of autonomous functions, all under haphazard co-ordination. This has resulted in expensive duplication of effort and equipment, costly "break-bulk" handling and time delays. To circumvent this and realize maximum economies, it is urged that transportation be handled on a completely "integrated systems" basis. All functions directly involved in the transfer of goods from the door of the shipper to the door of the consignee, however far removed, must be co-ordinated and integrated. This will allow the greatest exploitation of mechanization and other new technologies. Much of the necessary equipment is currently being used, not in wholly integrated systems, but in isolation within traditional systems where its full potential cannot be realized. The balance of the equipment required can be developed and produced within an acceptable period of time.

The intermodal shipping container, featuring rapid, low cost handling and adaptability to all major types of transport in use throughout the world is the first key factor in this new approach. These containers provide the means for substantially reducing the costs of physically handling cargo. In addition, they eliminate costly cargo breakage and pilferage at trans-shipment points and can improve ship turn-around times by as much as 400 per cent.

While it is imperative that Halifax and other Nova Scotia ports provide facilities for handling containerized freight without delay, doing so will not provide these ports with any competitive advantages over other competing ports such as New York and the St. Lawrence Seaway ports. They too are installing or have completed these facilities and Nova Scotia will be hard pressed to maintain its relative competitive position. In short, the basic problem of high transportation costs to and from inland ports will in no way be mitigated for Nova Scotia ports by installation of containerized cargo handling facilities alone.

The second and by far the most important factor for Nova Scotia, and indeed the whole of Canada, is the adoption of highly specialized integral or unit trains, as advocated in the Kauffeld study. The use of these trains can provide the means of lowering overland transport costs below those of competing water borne carriers. These trains, as part of an integrated system would bring several vital benefits to Nova Scotia and to its ports. It will lower the cost of moving the output of the Province to inland Canadian markets and to American markets. Similarly, it will reduce the costs of bringing in essential imports from the same regions. Of even greater importance, it will enable and justify one or more of the Province's ports being rapidly developed into one or more of the most important ports on the eastern coast of North America.

In the wider sense, development of this concept has equal significance for the whole of Canada. By virtue of Canada's two trans-continental railroads, in contrast with the multiplicity of regionally controlled United States rail lines, Canada can offer fast, co-ordinated service without interchanges over a single line from coast to coast, and over Canadian owned subsidiary lines, down into the United States. Not only would such a service attract a high volume of traffic to and from the rich heartland of North America and Nova Scotia ports, it would also create the much talked about "land bridge" for the huge tonnages of freight moving between Europe and northern Asiatic ports of Japan and Hong Kong. The all Canadian route not only offers greater "overland" mileages but lower overall mileages between Japan and northern Europe. In addition, overhead clearances on Canada's lines would permit containers to be stacked two high whereas American lines could not.

It is pertinent to note that United States rail lines are already conducting experiments with trans-continental freight trains or "overland freighters" as they are popularly termed. One such experimental train has traversed the continent in fifty hours. This very forcibly illustrates the time savings to be gained and the urgency for Canada to firmly establish her position

with this radically new service.

Concerning the race to establish these trains, it is worth noting that the Pennsylvania Railroad recently applied to the Interstate Commerce Commission for permission to provide a container oriented unit train service between Chicago, St. Louis and the Port of New York. The most strenuous opposition to this application came from the New York Central Railroad, and the application was subsequently withdrawn. However, these two railroads have since merged and it is considered by those knowledgeable on the subject that it is only a matter of time before the application will be renewed, and accepted. It can be expected that the early start of the Port of New York toward the development of an integrated system will be exploited to the full, to the detriment of Canada in general and to Nova Scotia in particular.

The benefits to be gained are great and further delay could prove to be fatal to Canada's interests. The matter is urgent and requires immediate attention.

The Planning Board believes without reservation that Halifax and the new port created by the Canso Causeway have conclusive advantages over and above any other potential North American ports as the eastern terminus of an integrated transportation system.

In view of the fact that the technology is now available for the formation of a "land bridge", the benefits to be derived by establishing this North American land bridge in Canada, the confirming conclusions of the Kauffeld and McKinsey studies and the importance of reducing freight costs between the Atlantic Region and inland points, the Planning Board has recommended that:

The concepts put forth in the Kauffeld and McKinsey Reports be tested by the Government of Canada, and that additional research should be undertaken and immediate trials be conducted with unit trains to ascertain the feasibility of applying them as a key component of an integrated transportation network leading to the ultimate goal of developing

Nova Scotia's ports and lowering overland transportation costs to, from, and through the Atlantic Region.

When trials begin with unit trains on runs between the Atlantic Region and Central Canada, it is believed that improvements to the existing railroad bed may be required in order to derive maximum benefits from the use of such trains. Existing limiting factors such as heavy grades, curves, unstable roadbeds, etc., even if encountered rarely, may limit the speed and tonnage capacity of test trains below minimum requirements needed to demonstrate their true potential. In view of this, the Board has recommended that:

The necessity for and possibility of upgrading the existing roadbed between the Atlantic Region and Central Canada be carefully examined by the Government of Canada to ensure that the maximum speed and tonnage capacity of rail transport equipment may be fully utilized.

Maritime Freight Rates Act

The Transportation and Communications Sector Committee also examined that section of Volume V of the Atlantic Provinces Transportation Study dealing with the Maritime Freight Rates Act. This study concludes that if subsidies are to be continued, they should be made non-discriminatory with regard to the means of shipment but that subsidies on intra-Maritime shipments be abolished. The Sector Committee submitted the following analysis and conclusions regarding the Maritime Freight Rates Act to the Planning Board.

The Maritime Freight Rates Act was passed in 1927 following the findings of the Duncan Royal Commission. The objectives of the Act as interpreted in the Atlantic Provinces Transportation Study are:

1. to provide a statutory rate advantage in "select territory"; and
2. by doing so, to fulfill the obligation inherent at Confederation and fulfilled by early

rate policy on the Intercolonial Railway of affording to Maritime interests "a wider market of several millions of people instead of being restricted to the small and scattered populations of the Maritimes themselves."

To carry out the intent of the Act, a twenty per cent freight rate subsidy (increased to thirty per cent in 1957) was granted on all Maritime shipments moving outward and westbound by rail to points in Canada as far west as Levis, Quebec. In addition, a twenty per cent regional subsidy (not increased in 1957) on all rail traffic was applied to goods moving within the Region by rail.

At the time the Maritime Freight Rates Act was passed, rail carriers provided the only significant transportation service to Central and Western Canada. The trucking industry was still in its infancy and could not compete with rail, even on relatively short runs. Thus, at that time the subsidy on rail shipments reached almost all Maritime shippers and effectively carried out the intent of the Act.

Since 1927, the trucking industry has expanded progressively to a point where it accounts for a significant portion of the goods moved within Canada. However, the discriminatory nature of the Maritime Freight Rates Act has tended to retard development of trucking services and to distort the transportation network within the Atlantic Region. This government-sponsored, competitive advantage has permitted rail carriers to retain freight traffic which in many cases could be more efficiently transported by truck, ship or air. It has also served to limit motivation for the railroad to upgrade roadbed conditions to permit higher average speeds and heavier tonnages. As a result of these factors, other carriers have been underutilized and prevented from developing their full potential. This has deterred the development of an efficient, well-balanced transportation network in the Region.

The Planning Board believes that the Maritime Freight Rates Act should be revised to accommodate these changing competitive factors which prevent the

Act from fulfilling its intended objectives. The Board therefore recommends, as one means of updating the Maritime Freight Rates Act, that:

Freight subsidies to the Maritime Provinces be paid to shippers on a non-discriminatory basis.

It is felt that the Maritime Freight Rates Act if applied in a non-discriminatory manner will permit the most economic and equitable use of all transportation facilities and thereby help to carry out the true intent of the Act by extending its benefits to all shippers.

The implementation of this recommendation has become more urgent with the recent introduction of a new rate structure for non-carload shipments by Canadian railways. The Atlantic Region is characterized by a large number of relatively small shippers scattered throughout the Region and isolated with respect to markets. Many are virtually captives of the railway. The absence of concentrated industrial centres in the Region requires manufacturers shipping to local markets to do so in small and therefore expensive lots. Introduction of the new rate system has severe implications for many of these industries whose development has been dependent on the old rate structure. The unfavourable impact of the new rate structure falls disproportionately on the Atlantic Region. Quoting the Maritime Transportation Commission Brief to the Honourable Paul Hellyer, Minister of Transport, December 13, 1967:

"The Atlantic Provinces originate and terminate annually more pounds of less-than-carload freight per capita than other parts of Canada. In 1966, the latest year for which D.B.S. rail statistics are available, 364 pounds of less-than-carload freight per person were loaded and unloaded in the Atlantic Provinces. In contrast, 192 pounds per person were loaded and unloaded in all of Canada. Expressed in percentages, the per capita use of rail less-than-carload freight service in the Atlantic Provinces is 89.5 per cent greater than the per capita use of less-

than-carload freight service in all of Canada."

Similar horizontal increases have been applied to the Atlantic Provinces in the past and have tended to erode advantages given the Region under the MFRA. Upon realizing the seriousness of the new rate structure the Government of Canada, on September 9, 1967, announced a reduction in the new rates. However, the reductions, although extending some relief to shippers, did not nearly offset the increases of September 5, 1967. In some cases rates were increased by several hundred per cent but subsequent rate reduction was only 20 per cent. It is evident that this rate reduction will do little to correct this serious additional transportation cost for the Atlantic Region.

The staff of the Maritimes Transportation Commission and representatives of the four Atlantic Provinces are currently working together as a Task Force to develop a comprehensive transportation policy for the Region. Among other matters, they will be concerned with the new non-carload rates. Their work will be made available to the Government of Canada on its completion and it is essential that its conclusions and recommendations be given serious consideration.

CHAPTER IV

EDUCATION

The Planning Board has continued its study of the educational needs of the Province through its Education Advisory Council. The Council's four sub-committees have progressed with their work in the following phases of education:

- (a) Primary and Secondary Education
- (b) Technical and Vocational Education
- (c) University Education and Research
- (d) Continuing Education

It is anticipated that the significant changes that are now being made to the organization and financial support of education throughout Canada, may make a modification of the structure of the Council desirable in 1968.

Membership in the Council has been broadened during the year to include a wider representation from professional organizations and other voluntary groups and associations which are involved or interested in education. It is very evident that a broader and more effective dialogue between the groups representing the educators and those representing the users of education must be brought about. This exchange must be bilateral and continuous and should involve representatives of education at all levels and their correspondents in business and industry, in management and labour and the general social sphere of the community.

At every joint meeting of educators and community leaders a consistent theme emerges which emphasizes the present lack of communication between these two groups. It was again apparent at a recent meeting organized by the Department of Education and attended by senior offi-

cials of that department, together with selected representatives of the industrial and commercial sectors of Nova Scotia. Much was learned at this meeting, by both groups, and it is evident that the Educational Council of the Board can now play a much more effective role in bringing these two groups together on a continuing basis.

Federal - Provincial Changes

The most significant factor in the field of education during 1967 was the change brought about by the new Federal-Provincial agreements on the financing of education. Previous to April, 1967, the Federal Government had been involved in the support of education under three separate headings:

- (a) Cost sharing of technical, vocational and adult education by means of a number of programs administered by the Federal Department of Labour. These programs involved cost sharing of both operating and capital expenditures.
- (b) The direct support, on a provincial per capita basis, of universities and colleges. This was administered by the Association of Universities and Colleges of Canada.
- (c) The direct support of post-graduate research at universities by the National Research Council, the Defence Research Board and other Federal Government departments, by means of grants in aid of specific research problems.

The planning and administration of education, at all levels, within the provinces, had been structured to make the maximum use of these former programs for federal financial assistance.

Effective April, 1967, and with extremely short notice, the basis of Federal-Provincial aid in these areas was altered. The new provisions have brought about the following broad changes:

- (a) A discontinuation of support for the operation of vocational and technical education at the secondary level.
- (b) A choice, by the individual provinces, of either:
 - (i) A per capita grant toward the cost of all post-secondary education; or
 - (ii) A 50/50 sharing of the actual operating costs of post-secondary education. (Costs which may be considered as "operating" are currently being defined, and "post-secondary" is defined for Nova Scotia as post-grade XI.)
- (c) The assumption by the Federal Government, under the auspices of the new Department of Manpower and Immigration, of a greater degree of responsibility for adult vocational education.
- (d) The continuation of previous support, up to a maximum amount determined by formula of the cost sharing of capital expenditures on technical and vocational education.
- (e) The continuation of direct aid to universities by grants in aid of post-graduate research programs.

While the general principles of this new agreement have been set out and accepted, the detailed operation of these principles has not yet been completely established. It is evident that no real conclusion can be drawn with respect to the total effect of these changes until the financial details of the first complete fiscal year of operation have been assessed. This will not be possible before the 1968/69 school year as the current year contains a mixture of old arrangements phasing out and the new ones coming in. However, it is clear that the support of grade XII and all post-grade XI programs, including the undergraduate and

graduate programs at universities, are now being financed on the same basis. Thus institutions such as the Nova Scotia College of Art, the Nova Scotia Agriculture College and the Institute of Technology, are now being financed within the same category as the last year of high school and the total university effort. This may involve significant changes in the administration and operation of all of these establishments.

Primary and Secondary Education

The new Comprehensive Program of primary and secondary education has now been adopted by the Department of Education. The Board, after studying this Program endorses it in principle. The Program effectively integrates the total effort in academic and vocational education at the secondary level, and thus reflects the changes brought about by the new Federal-Provincial arrangements. Additionally, it provides as far as possible, a flexible and open-ended system allowing a greater freedom of choice of course pattern for students at the secondary level.

However, this new integrated program necessarily involves changes in the present administrative structure of secondary education. Consequently, the Board recommends that:

- (a) Present administrative units be organized to form new units that are economically, administratively and educationally sound.
- (b) The responsibility of the education program in each of these new units be placed under the direction of one broad representative board.
- (c) The administration of the Comprehensive Program in each of these new units be placed under the leadership of one superintendent to be responsible to the board mentioned in (b) above.

Further, the Planning Board recommends that the

Government should initiate the necessary study, in consultation with industry and others directly concerned, preparatory to the drafting of recommendations on which legislation might be based to produce a new administrative structure essential for the full implementation of the Comprehensive School Program.

Technical and Vocational Education

The Board notes with approval the construction of new technical and regional vocational school facilities. These will now operate within the Comprehensive High School Program and while cost sharing of the capital expenditures involved is undertaken by the Federal Government, the operating costs of these new facilities must be borne wholly by the Province. Additionally, the construction of the new Institute of Technology in Sydney is now nearing completion and, when in operation, the operating cost of this Institute, as well as that of the original Institute in Halifax, will be shared under the post-secondary program.

A major step forward in the classification of technicians and technologists has been achieved by the formation of the Nova Scotia Association of Technicians and Technologists. This Association will serve as its own authority for the classification and upgrading of technicians and technologists and has been materially assisted, in its formative stages, by the Association of Professional Engineers of Nova Scotia. The new Association should be given every encouragement and assistance by the Government, the older professional associations and by industry to provide ways and means of sponsoring the upgrading and examination of technicians and technologists at all levels.

The Board wishes to endorse its previous recommendation that post-secondary courses in chemistry be offered at the institutes of technology. This is particularly pertinent in view of the likely growth of the petroleum and petro-chemical industries within the Province. These courses should be implemented as soon as the provision of physical facilities will allow. The Board also wishes to endorse the continued study of the need of dormitory or residence accommodation at the in-

stitutes of technology. This will make attendance at these institutes more readily available to students whose homes are not within the Halifax or Sydney regions.

University Education and Research

University Entrance Requirements

It is evident that wide differences exist in entrance requirements among universities in Nova Scotia and in Canada as a whole. In an effort to eliminate these differences, a series of university entrance tests to be known as Service for Admission to Colleges and Universities, (SACU), are now being developed in Ottawa by a nationally representative body. These tests are being designed to provide reliable indicators of a student's range of general knowledge and his ability to add to that knowledge. When available, the adoption of this test by colleges and universities will tend to eliminate discriminatory qualification requirements by individual institutions. The use of such nationally standardized appraisal tests will largely offset the existing "de facto" restrictions against candidates for admission who have graduated from well qualified senior high schools, but who are presently unable to obtain full credit for their grade XII year.

The Council recognizes the need for the SACU tests and supports their development. Therefore, it is recommended that on their completion they be assessed immediately by the colleges and universities of Nova Scotia; and if considered satisfactory, that they be adopted promptly for use.

The Council also is of the opinion that some of the high schools in Nova Scotia graduate students with sub-standard qualifications. Use of the SACU tests would provide positive identification of these high schools through the inability of their graduates to pass the SACU tests. In this way the shortcomings of individual schools will become obvious and steps for their upgrading can be taken. It is recognized that considerable time will be required to upgrade the Province's high schools. However, by employing the

SACU entrance tests throughout the Province in this interim period, well qualified candidates will be recognized and will not be forced to repeat or reinforce previous studies.

In effect, with existing irregular entrance requirements, certain disciplines such as engineering may actually have a year added to the period of study needed for qualification. This incurs a wasteful cost, both to the students and to the educational system, that must be eliminated.

The problem of indifferent grade XII standards of education in some parts of the Province should be recognized as a costly inefficiency in the operation of the educational system and the Planning Board recommends improvement of this situation without delay.

Research Facilities

A survey of research and development strength in the Province has been undertaken. This took the form of a questionnaire to 34 addresses throughout the Province, covering industrial, educational, provincial and federal units from which there was an 80 per cent return. It was intended through this survey to assess the scale and distribution in the Province of research and development employment in the physical and biological and applied sciences with a view to:

- (a) ascertaining the existence of a research-oriented environment attractive to potential industry that might rely on the local availability of such services for the successful conduct of its affairs; and
- (b) sizing the potential demand for post-graduate students.

While the survey was not fully representative of industry, it clearly shows that there is a surprising amount of research and development being undertaken within the Province which requires post-graduate qualifications at the Masters or Ph.D. level. It is the recommendation of the Board that a more complete study of

this particular feature should be undertaken and the results given prominence in Provincial publications directed towards the attraction of new industries. The availability of such advanced training on a consulting or contract basis is potentially attractive to many industrial concerns that would be reluctant to separate themselves, geographically, from such services.

It was equally clear from the survey that the number of students granted post-graduate degrees in science and engineering by Provincial universities is only a small fraction of the demand within the Province for personnel with such qualifications. It is estimated that in excess of 65 university graduates, 40 per cent at the doctorate level, are in demand annually and the figure is expected to rise in the future. This shortfall conforms to the pattern of a relatively low level of overall educational effort which was discussed in a recent APEC publication on productivity. It is therefore the recommendation of the Board that full co-operation be given to the universities in their efforts to expand their graduate school facilities.

Summer Employment of University Students

It has been suggested that there should be more direct liaison between university placement offices and representatives of industry, so that the maximum mutual benefits can be obtained by both students and employers during the summer periods. A proposal was made by the Association of Atlantic Universities, that a meeting on a regional rather than a Provincial basis should be convened, jointly by the Association and the Atlantic Provinces Economic Council. This should be investigated.

Relationship Between Universities and Institutes of Technology

It was suggested, in a previous publication, that an attempt should be made to establish mutual credits between the universities and the institutes of technology. The Association of Atlantic Universities has pro-

posed a meeting between the Deans of Arts and Science and the Department of Education, on this matter. This meeting should be arranged at an early date to investigate the feasibility of a bilateral transfer to students with credit for work accomplished at the previous institution.

Continuing Education

Management Education Survey

In 1966, it was recommended that a survey of management education needs and facilities be undertaken. Work toward this project commenced in 1967 with preliminary discussion with the Department of Manpower and Immigration concerning their interest and participation. Initially, it was decided that a "Pilot Survey" would be undertaken, the cost of which was to be borne entirely by the Federal Government. After considerable delay, it was learned late in 1967 that the Pilot Survey had been increased by the Federal authorities to a much more ambitious undertaking than had been intended, or in fact desired.

After further meetings between representatives of the Board's Education Advisory Council and the Department of Manpower and Immigration, the latter agreed to a revised approach to the survey and the elimination of the "Pilot Survey". The Board will initiate action to commence and monitor the survey when the preliminary requirements have been finalized. It is expected the survey will be completed and recommendations concerning a coordinated approach to management education will be made in 1968.

Adult Re-Training

The Federal Department of Manpower and Immigration is responsible for the support of certain programs involving the re-training and upgrading of employed and unemployed persons. Much of the financial effort available for these programs has been directed toward the continuation of original programs previously established by the Federal Department of Labour. However, it is evident that the Department of Manpower and Immi-

gration is not intending to assist the training of all adults under all conditions. It is also clear that there is a need for a definition of the types and levels of training that can be supported under this program. While these definitions will emerge as the programs develop, the Board recommends that the Provincial Government urge the Federal Department of Manpower and Immigration to consider retroactive payments to industries that have applied for assistance and undertaken training programs since April 1, 1967, if these programs now qualify for assistance under present rulings.

It is understood that assistance for clients above the foreman level has not yet been extended generally by the Department of Manpower and Immigration. The Board recommends that policy in this regard be decided as soon as possible and suggests that further discussions be established with the Department of Manpower and Immigration to determine a clearer definition of the cut-off level of such assistance.

CHAPTER V

INDUSTRIAL DEVELOPMENT

In formulating policy for the economy as a whole, the Board in its First Plan placed emphasis on the development of secondary manufacturing. At that time the Board stated that secondary manufacturing must play a key role in the future economic development of the Province.

It felt that new dynamic industry must be established to expand the Province's narrow manufacturing base. The Board also considered it essential to promote a reasonable amount of industrial concentration in order to attract modern manufacturing industries.

Towards this objective the following recommendations were made:

1. The largest urban areas should be designated as industrial development centres, to be regarded as desirable locations for secondary manufacturing industries and particularly cornerstone secondary manufacturing industries.
2. The Atlantic Development Board should be requested to establish a capital grant fund, to be used to offer equivalent financial incentives in the Halifax-Dartmouth area, as now available in all other areas of Nova Scotia through the Area Development Agency.
3. A special economic research unit should be established as a government service having the immediate priority of determining the type of industry to be attracted to the in-

dustrial development centres; the findings of such research to be turned over to Industrial Estates Limited.

4. Industrial Estates Limited should continue to play a promotional role, should sustain its endeavours to attract industry to the entire Province, especially to the industrial development centres, and should substantially increase its staff so that its remarkably successful efforts to date may be maintained and reinforced.

In order to relate the progress which has been made towards the implementation of these recommendations, each recommendation will be dealt with at some length.

Industrial Development Centres

An industrial development centre is defined in the First Plan as "one which is large enough to support a diversified industrial base which will enable it to generate self-sustained economic growth over time". These centres are developing most noticeably in areas such as Halifax-Dartmouth, Strait of Canso, Sydney-Glace Bay and possibly New Glasgow.

One of the policy statements in the First Plan was that definite action should be taken to make these centres especially attractive to secondary manufacturing. One of the most important attractions to new industry is the industrial park. Such parks provide industry with ready made locations, specifically planned and equipped with essential services.

A short report entitled Industrial Parks in Nova Scotia may be found in Appendix F. Brief descriptions of the parks, information on their locations, services available, sponsorship and type of industry located therein is given.

There are 13 industrial parks in the Province, 10 established and 3 in the planning or construction stage. Over 50 firms are located in these parks and

will employ over 3,800 persons. Of these, 2,700 will be employed in 23 secondary manufacturing firms.

The majority of these parks provide their occupants with the basic services of water, electricity, sewage and rail facilities. Many of the parks use printed brochures, along with other means to advertise their attractiveness.

In the First Plan, it was stated that industrial parks should be established in the industrial development centres. It is worthy of note that IEL has established industrial parks solely for secondary manufacturing at Woodside (Dartmouth), Stellarton, and it also co-sponsors a park at Point Edward in the Sydney-Glace Bay area. The Nova Scotia Department of Trade and Industry sponsors a park at Point Tupper on the Strait of Canso.

It therefore can be said that industrial development centres are emerging in appropriate areas throughout the Province. This is an important development. However, some real problems must be overcome in these areas in fields such as housing, community planning, transportation, labour relations and development agency co-ordination. It is of great importance to prevent scattered, haphazard development which is detrimental to industrial growth. Practically the whole housing stock in the Strait of Canso area is fully occupied. For the incoming permanent population, new housing will be needed. The Community Planning Division of the Department of Municipal Affairs has made an excellent start in the field of physical planning. They have recently published the "Regional Development Plan" for the Strait of Canso area. The Joint Labour-Management Study Committee, acting as the Board's Industrial Relations Advisory Council, has been working steadily to improve the system and practices in collective bargaining in Nova Scotia and to resolve certain legislative questions. The report of this Council may be found in Appendix D.

Halifax-Dartmouth as a Designated Area

The Board wishes to emphasize once again that in

the interest of economic development of Nova Scotia as a whole, industry locating in the Halifax-Dartmouth area should be eligible for grants equivalent to those currently available in other areas of the Province through the Area Development Agency (ADA) program.

The ADA program was established by the Federal Government to administer the program of tax incentives for 'designated areas' introduced in the budget of June 1963. The tax incentives were designed to stimulate the establishment of 'new manufacturing and processing businesses' in those areas of high unemployment and slow economic growth designated by ADA. The program was revised and broadened in August 1965 to include areas characterized by low family incomes and for slow employment growth and chronic high unemployment. The program, now, as it did prior to 1965, covers the entire Province with the exception of a portion of Halifax County including the metropolitan Halifax-Dartmouth area.

The ADA program has been criticized by the Board on two major points. First, the program is ineffectual from a Nova Scotia point of view because it does not differentiate in favour of the Province. All designated areas in Canada were placed upon an equal footing. Consequently, those close to the industrial heartland were bound to do better than those at the nation's geographical extremities. Second, the ADA program represents a direct conflict with the principle of a growth-centre approach to development, a principle to which the Voluntary Planning Board is firmly committed. By not designating the Halifax-Dartmouth area, the ADA program has caused some firms to sacrifice their optimum locational requirements so as to receive ADA benefits when their needs would have been best served in the Halifax-Dartmouth area. This sacrifice is not in the best long-term interest of either these firms or the Province. It has also been suggested that the Province would have attracted more firms if the Halifax-Dartmouth area had been designated. Firms whose location requirements could only be met in the Halifax-Dartmouth area of the Province were influenced to locate in other areas outside the Province which could meet their requirements as well as

provide the benefits of the ADA program. This program has therefore worked to the detriment of both the Halifax-Dartmouth area and the Province.

The interpretation of the word 'area' by ADA is perhaps the key to these criticisms. The ADA program is applied to areas. Area does not mean region and the terms are not interchangeable. The Board accepts a regional approach to economic development, which would entail the designation of regions within the country for ADA grants.

The Economic Council of Canada has emphasized that growth of the national economy is best fostered by balanced regional growth. It is further pointed out by the Council that growth in lagging regions is best obtained by developing those areas within the region which have the most potential. The ADA program in excluding the Halifax-Dartmouth area is not recognizing the growth-centre principle and is, the Board believes, failing to contribute its greatest potential to the economic development of the Atlantic Region.

While the Halifax-Dartmouth area is the largest urban centre in the Region and possesses many of the services and facilities that new industry requires, it is built upon a rather narrow economic base. The most important component of the area's economy is the military establishment. This directly accounts for approximately one-quarter of the area's total employment and provides an annual payroll of between 85 and 90 million dollars. Indirectly, the contribution of defence to the area's economy is much greater as many of the existing industries and commercial services are almost entirely dependent on the military establishment. This leaves the area exceedingly vulnerable to any change in defence policies. In view of this, the Board believes that all possible efforts should be directed towards expanding and diversifying the area's economic base to ensure a more balanced form of economic growth. The provision of incentives for industrial development is believed by the Board to be a key factor in the attainment of these objectives.

In the First Plan the Board recommended that un-

til the ADA program has been changed, funds should be made available for this purpose by the Atlantic Development Board to industry wishing to locate in the Halifax-Dartmouth area.

The Atlantic Development Board has stated to the Voluntary Planning Board that:

"any assistance the Atlantic Development Board could give in attracting industry to the region as a whole is important whether it be designated or non-designated areas."

and also that:

"we will most sympathetically consider any request from non-designated areas such as Halifax, Dartmouth, Saint John and Fredericton."

However, the Atlantic Development Board has shown a reluctance to allocate funds directly to industry. Thus far, ADB has concerned itself primarily with investment in infrastructure (roads, power and fresh water supply). ADB grants have been made not directly to private industry but to Industrial Estates Limited or the Province of Nova Scotia, who have in turn applied these funds to projects such as installation of essential services for industry.

ADB has made grants towards the development of several industrial parks in the Halifax-Dartmouth area and one in Saint John, N.B. ADB has thus helped to make these parks more attractive to their potential clients. But, the extent to which these grants have aided in the direct 'inducement' of industry to non-designated areas is much less clear. There are presently no new firms in the Halifax-Dartmouth area which have been directly aided by ADB grants.

Therefore, when viewed in the light of the precedents established by ADB in making grants towards the attraction of industry to non-designated areas, considerable doubt arises as to the effectiveness of ADB as a means of providing equivalent financial in-

centives to industries locating in designated areas, as was recommended by the Board. It would be hoped that ADB in the future would move towards a more direct approach in helping to induce new industry to non-designated areas.

The Board therefore takes the opportunity of once again stressing the importance and urgency of making every effort to have the policy of the Area Development program changed so that it will be in accordance with the principle that the whole Atlantic Region should be included in the Area Development Agency program.

Economic Research Unit

In the First Plan it was recommended that a special economic research unit should be established in the Government service. One of the first functions of the Unit was to give attention to the types of secondary manufacturing industry which might be attracted to the Province and particularly to the industrial development centres. The results of the Unit's work would then be turned over to IEL, as a part of Provincial research effort designed to make IEL more competitive as a promotional agency.

It was not until late in 1967 that the Economic Research Unit became operational. As was recommended, the Unit's first project was directed towards the determination of the types of secondary manufacturing industry which should be attracted to the Province.

A number of alternative methods of attacking the problem were considered. The first approach considered was the technique of establishing missing links in the Province's industrial structure through the preparation of comprehensive input-output tables. Unfortunately, the preparation of such a model for Nova Scotia requires statistical information which either has not been compiled or is still in its very early stages of development.

A second approach considered was a linkage model. Perhaps such a model can be developed for Nova Scotia,

tracing both backward and forward links of the industrial framework. The weakness of this approach for Nova Scotia is the very narrow industrial base of the Province. This narrow base reduces greatly the possibility of finding many potentially viable missing links in the system and therefore was considered unacceptable.

The third approach and the one which the unit decided to use was to determine in a broad sense 'the gaps' in the industrial structure of the Province. Both the manufacturing and export structure of the Province were examined in relation to the total Canadian structure. Types of industry were identified which were either non-existent in Nova Scotia or were present only on a very small scale in relation to their potential development. These 'gaps' were then examined on the basis of cost factors. The cost at the plant of materials used, wages and salaries, fuel and electricity and value added by manufacturing processes were used for the purposes of analysis. As a result, potential cases for detailed feasibility studies were determined.

The Economic Research Unit will continue to direct its attention towards the types of secondary manufacturing industry which should be attracted to the Province.

Industrial Estates Limited

IEL incorporated as a Crown Corporation in September, 1957, has met with outstanding success in promoting the development of secondary manufacturing activity in the Province.

The year 1967, the Corporation's 10th anniversary, is a particularly significant one. The largest number of agreements signed by IEL in any one year were completed in 1967. These agreements include nine new industries and the expansion of six existing industries. This brings the total number of companies to 56 with which IEL has acted in the development of the Province's industrial growth.

In 1966, the Planning Board recommended that the staff of IEL be increased in order to strengthen its industrial development effort in the Province. Four new staff members were added at that time.

It has been suggested that the ADA program has influenced the competitive position of IEL by reducing its uniqueness. Prior to the development of the ADA program in 1963 IEL was the first industrial development agency of its kind in Canada. This provided Nova Scotia with a competitive advantage for attracting new industry. In the last few years provincial development agencies have been established all across the country. The fact that IEL continues to succeed in attracting new industry to the Province, in spite of these circumstances, is a tribute to its promotional program.

In view of this loss in competitive advantage which IEL has experienced and also in the light of such general economic conditions as tight money, high interest rates and uncertainty surrounding the Kennedy Round tariff changes which have had a deterrent effect on industrial development throughout the country, it would seem reasonable that IEL may well have to accelerate its promotional efforts. In addition, much greater co-ordination between economic planning units must be initiated if the available development incentives are to be applied in a manner consistent with the economic goals established by the Province. It will be most important for the Planning Board and IEL to establish a close relationship with policies of both groups being examined by their joint Boards through common meetings. The Board will at a very early date seek a meeting with the Board of IEL to establish areas of co-operation and to assess the impact of IEL operations on the targets of the First Plan.

CHAPTER VI

STEEL AND THE CAPE BRETON ECONOMY

Review of Board Action

From the beginning of its activities, the Voluntary Planning Board recognized that realistic economic planning in Nova Scotia would require detailed information regarding the future of the steel industry in Nova Scotia.

Accordingly, the Voluntary Planning Board requested the Atlantic Development Board to join it in the formation of a committee to assess the future of the Nova Scotia steel industry and, in particular, to examine the implications of proposed future steel production in Quebec and New Brunswick for the Sydney mill. This Joint Committee was established in March, 1965 and consisted of representatives of the Atlantic Development Board, the Dominion Steel and Coal Corporation and the Voluntary Planning Board. Representatives of the Federal Department of Industry provided technical advice and assistance.

On October 2, 1967, the Joint Committee released their findings in a report titled the "Sydney Steel-making Study". The chief conclusions of the study were:

1. Sydney does not possess actual or potential production cost advantages in relation to other actual or potential competitive sites in Canada or abroad.
2. Successful steelmaking throughout the world today depends upon a mill having a local or natural market area of suf-

ficient size to absorb fixed costs, i.e., that portion of costs which does not vary with production volume.

3. Sydney's natural market area is the Atlantic Region, and the Region's steel consumption is much too small to absorb Sydney's fixed costs.
4. Eighty-five per cent of Sydney's production must be sold in areas beyond the Atlantic Region. The attendant freight costs place Sydney in a position of disadvantage vis-a-vis other producers.
5. Import competition is severe in most product lines in the eastern part of Canada where Dosco seeks its major sales volume.
6. In finished rolled steel products (excluding rails) Sydney is in the position of a residual supplier to Canadian customers beyond the Atlantic Region.
7. In export markets, including the United States and Britain, Sydney is in competition with third country exporters rather than with the local producers.
8. World export prices are depressed to levels which generally do not cover the fixed and variable production costs of exporters.
9. Export sales in new product lines could be generated, but not in sufficient volume at prices adequate to justify the installation of new facilities at Sydney.
10. The future role of Sydney is expected

to be primarily that of a supplier of ingots and billets to Quebec mills for rolling and as a manufacturer of rails.

11. The establishment of Dosco's rolling mills at Contrecoeur provides Sydney with its best assurance for continued operation, and creates prospects for some expansion of primary steel production.
12. The prospects for rapidly expanding steel demand in the Atlantic Region in order to provide Sydney with a sounder economic base can be regarded with only limited optimism.
13. Because the present plans of Sidbec are unknown, the implications for Sydney of a Sidbec plant are entirely a matter of speculation. Some form of co-operation between Dosco and Sidbec cannot be ruled out, and might be beneficial to both companies and both Provinces.

The report was quite pessimistic about the long-term outlook for the Sydney mill with respect to market and product diversification. It concluded that immediate threats were not particularly serious but no attempts were made to specify how long production at Sydney would continue to be economic. This is understandable when it is realized that the study was limited to an investigation of the possibilities for product and market diversification.

It was not possible to explore the cost structure and profitability of the Sydney operation as access to the necessary information could not be gained. This shortcoming was particularly poignant when on October 13, 1967, Dosco announced that they were initiating action which would culminate in the closure of the operation of the Sydney mill by April 30, 1968. The Company stated that the reason for the intended action was "because of non-competitive production costs at

Sydney together with shipping costs between the mill and major market areas in Canada". The Company further stated that, "The steel mill at Sydney had become outdated by technological developments in steel-making. If the money was available to completely modernize the mill, its geographic location relative to markets and the resulting freight charge on its products would still prevent Sydney from being truly competitive with other steel producers." The release stated that the conditions of high capacity production, reasonably stable market prices and labour costs, essential to its economic operation, had disappeared over a relatively short period.

Immediately, the Special Committee on Steel previously established by the Board met in a special session on October 16, 1967 and recommended that:

It is imperative that the Sydney steel operation remain in being at least until there is sufficient time to study and re-assess the situation. The Board should declare its immediate and strong support for all measures that can be taken to maintain the Sydney steel plant. Further, the co-operation of Dosco Steel Limited should be sought in order to hold important existing markets. Any steps allowed to proceed towards closure of the plant would set in motion adverse developments which would be most difficult to reverse. Steel markets would adjust to the situation and present markets would be irrevocably lost. Under threat of unemployment, highly trained technical and professional staff would seek employment elsewhere and, if the plant were closed even for a short period, it would be very difficult to restore it.

This recommendation was adopted by the Planning Board.

It soon became apparent that Dosco's decision to close the mill by April 30, 1968 was irrevocable. The Board felt that this period of time was not sufficient to properly assess whether there was any possibility of

the mill continuing operations on a viable basis. In view of the conclusions of the Sydney Steelmaking Study the Board felt that this possibility existed. These conclusions implied a future life of the steel mill, assuming no great change in the other variables, until such time as there were basic steelmaking facilities established in Quebec to supply Dosco's Contrecoeur operations. There was some concern that the loss being experienced by Dosco was in part accountable for by inefficient management and excessive parent firm management fees. Furthermore, considering the social and economic dislocation which would ensue following the closure of the mill and the magnitude of the social and welfare costs which would have to be borne by the Government, the cost of operating appeared to be the least expensive alternative. In view of the possibility of a viable operation under new management, the Special Committee on Steel on November 17, 1967 unanimously resolved, and the Board agreed that:

1. A Crown Corporation be established immediately by the Provincial Government with financial assistance expected from the Federal Government to operate the Sydney steel mill as a going concern. In this takeover the Government should make all endeavours to find at the earliest possible time a suitable investment group to operate the steel plant.
2. This action appears to be the only method of guaranteeing the time necessary for a thorough and comprehensive study of the future of this steel industry and, if found practicable, instituting and maintaining the facilities required for continuous future operations.
3. This will serve to ensure the people of Cape Breton, better than any other method, that this arrangement will guarantee the stability of employment in the steel mill and by implication in the whole area for the longest possible time and that all problems now or in the future will be

handled in the most orderly manner under conditions existing.

The "Sydney Steelmaking Study" appeared to have been made redundant by Dosco's declared intention to close operations of the Sydney mill by April, 1968. However, in the light of the events which have transpired since the publication of the report (e.g., Provincial takeover of the Dosco Sydney mill and placement under the management of a Crown Corporation known as the Sydney Steel Corporation) the conclusions of the report still have an impact and bearing on the plant particularly with respect to investment for product or market diversification. The passage of time and the change of ownership has not in any way materially altered the conclusions as outlined earlier. These conclusions have, moreover, emphasized that this study should be complemented by a study of the production costs at Sydney. This was reflected in the Board announcement of December 12, 1967, which stated:

The Nova Scotia Voluntary Planning Board urges that the Provincial Government initiate immediately a study to assess the possibilities for long-term operation of the steel plant at Sydney.

The Board further suggested:

That the Atlantic Development Board (ADB) be requested to participate in the study; and that the Voluntary Planning Board be associated with the study through the Board's Steel Committee. This Committee should be kept continuously informed of the study's progress.

The Board notes that the proposed examination would have access to financial and operational information relative to the Sydney steel plant. It realizes that such information was not available to the Joint Committee on which the Board was represented along with ADB and Dosco Steel Limited, and whose "Sydney Steelmaking Study" was made

public October 2, 1967.

An Overview of the Cape Breton Economy

In order to examine the importance of the steel industry to the Cape Breton economy, this section outlines some of the more salient trends of the Island's economy. It is not intended nor is it possible to do a thorough analysis due to the dearth of statistical data for the Island. However, it is hoped that the following analysis will contribute to an understanding of some of the problems besetting the Cape Breton economy.

TABLE VI-1
PERCENTAGE DISTRIBUTION OF THE LABOUR FORCE BY INDUSTRY
NOVA SCOTIA AND CAPE BRETON, 1951 AND 1961

<u>Industry</u>	<u>Nova Scotia</u>		<u>Cape Breton</u>	
	<u>1951</u>	<u>1961</u>	<u>1951</u>	<u>1961</u>
Agriculture	10.6	5.1	8.5	3.5
Forestry	2.7	1.8	1.8	1.7
Fishing	4.4	3.2	4.3	3.3
Mining and Quarrying	7.1	4.3	22.5	16.9
Manufacturing	15.8	14.4	16.8	15.2
Construction	6.4	6.6	5.7	5.9
Transportation, Communication and other utilities	10.7	10.5	8.6	11.1
Trade	14.2	15.5	11.9	14.2
Finance, Insurance and Real Estate	1.6	2.4	1.1	1.6
Service*	24.9	34.5	15.9	24.9
Unstated	1.6	1.7	2.9	1.7

*Defence Services included

For many years the economy of Cape Breton has been dependent upon four principle activities - primary resource activities, coal, steel and services. As elsewhere, the primary resource activities of agriculture, fishing and forestry have declined in importance relative to other activities. For the period 1951 to 1961, the Island's labour force in these activities has declined by almost 50 per cent.

The coal industry, once the basis of the Cape Breton economy, which up until the 1950's provided employment for upwards of 10,000 people now provides employment for slightly less than 6,000 people. The coal industry in Cape Breton has been plagued by rising operating costs and the continuing need for increased subsidies to retain markets for its coal.

The steel industry, the nucleus of the industrial base of the Cape Breton economy, has been adversely affected by the lack of a sufficiently large local market capable of absorbing the output of the mill. In order to market its output the steel industry has had to absorb higher freight charges and accept lower prices for those products marketed in export markets where price competition is very strong. Further, the failure of the steel industry to have generated the necessary backward and forward linkages which would have diversified the economic base of the Island's economy and to have increased its local markets has made the economy extremely vulnerable by the threatened loss of the economic basis for its existence.

The overwhelming importance of the coal and steel industries to the Cape Breton economy and its concentration in Cape Breton County has increased the vulnerability of the Island economy due to its virtually complete dependence on these two industries.

The services sector of the Island economy, while accounting for a large percentage of employment, is geared to handle a much larger population. This underutilization of manpower in this sector results in higher service costs to consumers and industrial users which detracts from further industrial expansion.

The resulting effects of these structural changes and declining employment opportunities on the Island's economy can be seen by examining some of the more relevant population and labour force changes.

TABLE VI-2
POPULATION OF CAPE BRETON ISLAND BY COUNTY
FOR CENSUS YEARS 1951-1966

	Cape Breton	Inverness	Richmond	Victoria	Total
1951	120,306 (+4.3)*	18,390 (-0.8)	10,783 (+1.7)	8,217 (-0.4)	157,696 (+3.3)
1956	125,478 (+4.8)	18,235 (+2.6)	10,961 (+3.8)	8,185 (+1.0)	162,859 (+4.3)
1961	131,507 (-1.5)	18,718 (-3.0)	11,374 (-1.4)	8,266 (-3.2)	169,865 (-1.7)
1966	129,572	18,152	11,218	8,001	166,943

* (+4.3) indicates the 5 year percentage change.

Cape Breton Island comprises the four counties of Cape Breton, Inverness, Richmond and Victoria. Table VI-2 reveals that the population of the Island which was growing at a very slow rate over the years started to decline in the period 1961 to 1966. Figures dating back to 1921 show the population growing at the same rate as the Provincial average but since 1961 there has been an actual decline in population of all Cape Breton Island Counties. For the period 1961 to 1966 the growth in Provincial population was 2.6 per cent while the Island experienced a decline of 1.7 per cent. The total Canadian population increased 9.1 per cent for the same period.

Other significant features of the population change on Cape Breton Island are revealed in Table VI-3. The declining percentage of the population in the age group 20-24 in Cape Breton as compared to Nova Scotia and Canada is important when it is realized that this is the

age group of greatest productivity and reproductivity. This situation is resulting in a declining percentage of the population in the 25-44 age group. As may be expected, a decline in the birth rate has followed as shown by a population drop in the 0-9 age group. This declining birth rate, while significant for the 0-9 age group, appears more significant for the 0-4 age group. The larger percentage of the population in the non-active age group is greater for Cape Breton than it is for Nova Scotia or Canada. This larger dependency group increases the burden for the income earning group of the population. All of these factors are an indication of the demographic malaise affecting the Island. With respect to the declining proportion in the 20-44 age group, it is largely a result of the heavy out-migration which has occurred over the years and has become accentuated in the past decade depriving the area of its most highly educated and highly skilled people. The rate of out-migration during the period 1961-1966 actually exceeded the rate of natural increase and resulted in a decline of population growth.

TABLE VI-3
PERCENTAGE DISTRIBUTION OF POPULATION BY AGE
CAPE BRETON, NOVA SCOTIA, CANADA
1956, 1961, 1966

	Cape Breton			Nova Scotia			Canada		
	1956	1961	1966	1956	1961	1966	1956	1961	1966
0- 4	13.2	12.9	11.6	12.4	12.4	11.3	12.3	12.4	11.0
5- 9	13.0	12.7	12.3	11.8	11.5	11.5	11.2	11.4	11.5
10-14	10.9	12.1	12.2	9.7	10.9	10.8	8.9	10.2	10.4
15-19	8.9	9.2	10.5	8.1	8.7	9.8	7.2	7.8	9.2
20-24	6.1	6.1	6.1	7.1	6.7	7.0	7.0	6.5	7.3
25-34	11.8	10.6	9.9	13.0	11.8	11.2	15.0	13.6	12.4
35-44	12.6	11.6	10.6	12.9	12.2	11.1	13.3	13.1	12.7
45-54	9.2	10.4	10.9	9.5	10.3	10.7	10.0	10.3	10.4
55-64	6.3	6.4	7.6	7.0	6.9	7.7	7.2	7.1	7.4
65-69	2.8	2.6	2.6	2.9	2.9	2.9	2.9	2.7	2.7
70+	5.2	5.3	5.7	5.6	5.7	6.0	4.8	4.9	5.0

With respect to out-migration there are certain beneficial effects and certain detrimental effects. Out-migration is beneficial to the extent that it contributes to expanding national economic growth through the optimum allocation of resources. It is sometimes beneficial to the region experiencing out-migration to the extent that it provides an outlet for the surplus labour of the region and contributes to increasing per capita income and output to the extent that average productivity is rising very rapidly and permitting those who remain in the region to be more fully employed. It is detrimental to the extent that it denudes the region of its most skilled and highly educated citizens thus leaving proportionately fewer in the labour force and lowering total income in the area. Some of those leaving possess certain entrepreneurial talents which are lost to the region. Out-migration affects the area to the extent that in order to prevent a deterioration of public services the decrease in the tax base calls forth higher taxes and this increased cost to existing industry reduces the attractiveness of the area to new industry. Present industry is affected by declining local markets as a result of out-migration and this is a contributing factor in the declining profitability of these industries. In addition, established services such as retail trade do not contract quickly or adjust to the declining markets. This results in an over-supply of these services and an underutilization of labour and capital in these activities.

Out-migration of population from the region is in one respect symptomatic of the lack of opportunities available and also is an important causal factor which in some respects contributes to perpetuating and reinforcing this smaller employment base.

TABLE VI-4
LABOUR FORCE

	Cape Breton	Inverness	Richmond	Victoria	Total
<u>Male</u>					
1951	30,639 (-6.1)*	5,140 (-15.7)	2,810 (-9.1)	2,472 (-25.8)	41,061 (-8.7)
1961	28,785	4,331	2,555	1,833	37,504
<u>Female</u>					
1951	6,417 (+35.0)	836 (+34.1)	337 (+74.8)	346 (+23.7)	7,936 (+36.1)
1961	8,660	1,121	589	428	10,798
<u>Total</u>					
1951	37,056 (+1.0)	5,976 (-8.8)	3,147 (-0.1)	2,818 (-19.8)	48,997 (-1.4)
1961	37,445	5,452	3,144	2,261	48,302

* (-6.1) indicates the 10 year percentage change.

For the census period 1951-1961, the labour force of Cape Breton Island declined absolutely from a total of 48,977 to 48,302 or by 1.4 per cent. As Table VI-4 reveals, the significant characteristic of the labour force over the period is the actual decline of 8.7 per cent in the male labour force and an increase of 36.1 per cent in the female labour force reflecting the lack of employment opportunities for males and a forced or substitution effect with respect to the female labour force. The decline in the labour force is as a result of the substantial deficiency in the number of persons in the active population (ages 15-64) from which the labour force is drawn who are lost through out-migration.

TABLE VI-5
LABOUR FORCE PARTICIPATION RATES BY SEX AND AGE
CAPE BRETON AND NOVA SCOTIA

	Cape Breton Island		Nova Scotia*	
	1951	1961	1951	1961
<u>Male</u>				
15-24	67.3	52.3	70.2	59.3
25-44	94.7	89.5	95.8	91.3
45-64	89.9	84.0	89.3	83.5
65+	40.0	23.8	40.0	27.0
Total	80.4	70.6	81.5	73.5
<u>Female</u>				
15-24	31.9	33.8	34.8	34.7
25-44	13.9	20.3	18.7	24.3
45-64	10.0	18.7	15.6	25.6
65+	3.8	4.3	4.9	6.3
Total	16.3	21.1	19.9	24.5
TOTAL	49.1	46.3	50.9	49.3

* Excludes those seeking work for the first time.

The labour force participation rate¹ for Cape Breton is lower than that for Nova Scotia and substantially lower than the national average, reflecting again the existence of substantial volumes of underemployed and unemployed labour. The extremely low participation rate obtaining in the 15-24 age group can be explained as a result of the heavy out-migration which has been occurring in this age group.

¹ The percentage of persons in the civilian non-institutional population of 15 years of age and over who had jobs or were actively looking for work.

A lower participation rate has been a feature of the Atlantic economy as employment opportunities have not been as plentiful as in other parts of the country. However, this pernicious problem is beginning to be more serious for Cape Breton Island due to the declining trends being experienced. The problem is further accentuated by the uncertainties surrounding the industrial structure of the Island, and particularly with respect to Cape Breton County.

TABLE VI-6
RURAL-URBAN DISTRIBUTION BY COUNTIES 1961 AND 1966

	Rural		Urban	
	1961 %	1966 %	1961 %	1966 %
Cape Breton	17.4	16.0	83.6	84.0
Inverness	81.5	72.4	18.5	27.6
Richmond	rural	rural	-	-
Victoria	rural	rural	-	-

As Table VI-6 reveals, the vast majority of Cape Breton Island's population resides in urban areas with only Richmond and Victoria Counties being defined as completely rural. In Inverness County almost three-quarters of the population is rural. Of the total population of the Island, the largest concentrations are in Cape Breton County, particularly around Sydney. The differences in the rural-urban distribution of the Island population resolves many problems with respect to the evolving of a plan for the development of the Island. It would appear that such a plan would naturally focus on Cape Breton County and particularly the area around the City of Sydney and/or a redirection towards a developing centre such as the Canso Strait area.

The decline in population growth, labour force growth and the participation rate is not restricted to Cape Breton Island. However, the decline in the

other counties of the Province is concentrated mainly in those areas where the population is largely rural and dependent on traditional economic activity (e.g. agriculture, primary fisheries and forestry) where there is a declining trend in employment. This trend is not restricted to the Province but it is a national phenomenon. While the decline in employment which is occurring elsewhere is due to the reduced significance of certain primary economic activities, the decline in Cape Breton Island is occurring in an area which had, and still has, an industrial base, albeit a highly vulnerable one. This is due to the failure of the nucleus of this industrial base, the steel industry, to have generated the necessary backward and forward linkages which would have created a more diversified and less vulnerable economic base and quite possibly, would have created the necessary market to sustain the steel industry.

The Steel Industry and The Cape Breton Economy

Having outlined the general economic conditions and trends prevailing in the Island's economy, the economic impact of the possible closure of the steel mill will be examined.

While examining the impact of the closure of the steel mill, it is necessary to recall that the coal problem has yet to be resolved. The program with respect to coal is under the direction of the Cape Breton Development Corporation where a phase-in of new industry coincident with the phasing-out of a substantial portion of the coal industry is envisaged. It is unlikely that the plans for coal will include or attempt to include the attraction of sufficient viable industry to create 5,000 new jobs. What appears to be anticipated is that a certain minimum of new jobs will be created and in conjunction with this program there is to be also a program of early retirement for the coal miners. The net result is likely to be that fewer jobs will be created than those lost through the phasing-out of the coal industry. Ultimately, other things remaining equal, the economy would settle down to a lower level of economic activity and employment.

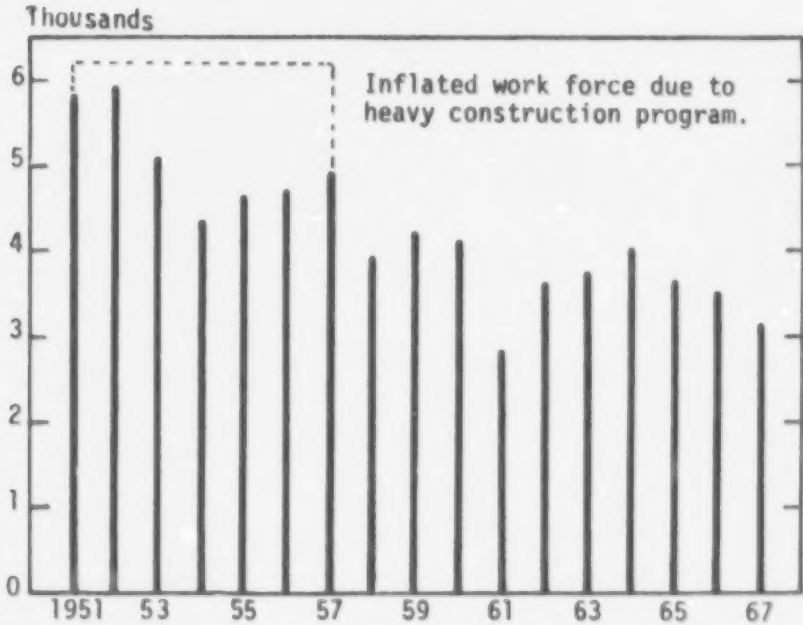
Future income levels in the area will depend to a large extent on the type of industries replacing the coal mining activities. If the future level of employment remains the same or declines, the only way to increase the area's total income will be through new industries that can pay wages higher than those prevailing in coal mining. The organization of such a large labour force into one strong union has enabled the miners to gain relatively high wage rates. These rates are second only to those of the steel workers. The relatively high wage scale prevailing in the area will weigh heavily on the Development Corporation's ability to successfully carry out their program. There are relatively few industries which have the potential to offer higher wages. Among these few industries there will be even fewer whose locational requirements (such as market proximity, the availability of commercial and industrial services) can be met in the area. Thus a substantial increase in the area's total income is unlikely.

Economic Impact

The problem with respect to steel is that this industry is not amenable to a phase-out type of operation like coal so that a program of economic development or phasing-in of new industry cannot be effected in coincident fashion. If a steel industry is going to close, it must be accomplished over a relatively short period (less than six months) as it is economically and physically impossible to operate due to the discontinuities in operation and because of the higher unit costs obtaining at lower levels of plant utilization.

The employment at the Sydney mill has varied from a high of 5,800 in 1952 to a low of approximately 2,600 during the early part of 1967. The reason for the large work force in the early and mid-fifties was due primarily to a heavy construction program being carried out at the mill. The average employment over the last fifteen years has been approximately 4,300 with the present employment in the vicinity of 3,100. For purposes of determining the employment effects a figure of 3,000 lost jobs has been used. However,

CHART VI-1
 SYDNEY WORK FORCE - DOSCO STEEL
 (at year end)



Source: Dosco.

the number of persons that could be affected directly by a shut-down is much greater. The 1961 census of population showed an average family size of 4.5 persons in the area. While it is not likely that each employee will support a family of such size it has been assumed that each employee has three dependents. Thus, the resulting number of persons directly affected by the closure is approximately 12,000.

The number of jobs and persons which may be indirectly affected by the closure of the mill is difficult to determine. Empirical studies of the relationship

of employment in manufacturing and employment in non-manufacturing industries have produced results which show that for every additional 100 jobs in manufacturing the effect is to generate from 49 to 122 jobs in non-manufacturing. Normally, a ratio of 1:1 is used in determining the indirect effect. However, there is some justification in using a higher ratio. One reason is that the service or tertiary sector is presently underemployed due to the continuous erosion of the economic base over the past ten years. Secondly, the higher ratio is called for if coal is phased out over a period of fifteen years. This will possibly result in reduced employment in the future which will serve to further exacerbate the dislocation caused by the loss of steel. Finally, the use of a higher ratio may be justified by the fact that steel is the highest wage industry in the area. This, coupled with its size and position makes the impact that much more significant. However, the ratio of 1:1 will be used bearing in mind that the results will be slightly understated.

By assuming a ratio of 1:1, another 3,000 persons would eventually lose jobs in other sectors of the economy making a total of 6,000 jobs affected. By using the same dependency ratio as was used for the direct effect, this would result in a total of 12,000 persons indirectly affected for a total of 24,000 persons directly and indirectly affected by the closure.

The relative importance of these figures is as follows: The direct loss of jobs at the mill represents a decline of employment in Cape Breton County of 8.4 per cent, 6.5 per cent for Cape Breton Island, and 1.2 per cent for the Province. The total of both direct and indirect job losses results in a decline of 16.8 per cent for Cape Breton County, 13.0 per cent for Cape Breton Island, and 2.6 per cent for the Province.

Directly, 9.3 per cent of Cape Breton County population, 7.2 per cent of the Island population, and 1.6 per cent of the Provincial population will be affected. Directly and indirectly, 18.5 per cent of

Cape Breton County population, 14.4 per cent of the Island's population and 3.2 per cent of the Provincial population will be affected.

In terms of income loss, the effect would be significant. The published Dosco wages, salaries and benefits expenditure for the year 1966 was approximately \$24 million representing an average annual income per employee of \$6,750. Using DBS data for 1966 on average weekly wages and salaries, the resultant annual income is \$5,720. Part of this discrepancy can be attributed to the fact that the Dosco figure includes all benefits whereas the DBS figure includes only wages and salaries. Thus allowing for these benefits we can assume that the average annual income per employee at the mill is approximately \$6,000 resulting in a total income loss of \$18 million. The loss of 3,000 jobs which were assumed to result outside the mill will result in a lower level of income loss from lower wages. The assumption is that the average annual income for this group is approximately \$4,300 resulting in a total loss of about \$13 million. This, combined with the \$18 million results in a total loss of \$31 million from the closing of the mill.

These income losses represent a decline of 19.2 per cent in Cape Breton County wages and salaries, and 4.2 per cent of the Provincial wages and salaries. The figures for the decline resulting from the direct effect is 11.2 per cent, and 2.5 per cent for the County, and Province respectively.

Table VI-7 shows the estimated annual loss of tax revenue by the various levels of government in the event of the closure of the mill. This is in addition to the cost which would have to be financed by the various levels of government for some of the programs designed to cope with the problems emanating from such an occurrence.

Transition Costs

In the event of the steel mill's closure, massive government aid would be required to reduce the social hardships which would result. Many of the existing

TABLE VI-7
ESTIMATED ANNUAL LOSS OF TAX REVENUE FROM SELECTED
SOURCES BY THE CLOSURE OF THE SYDNEY STEEL PLANT
(millions of dollars)

	Direct Loss	Indirect Loss	Total
<u>Municipal Property Tax</u>			1.54
Dosco property in Sydney*	0.84		0.84
Property of 3,000 workers laid off by Dosco	0.35		0.35
Property of 3,000 people indirectly laid off		0.35	0.35
<u>Provincial Tax**</u>			
Hospital Tax Revenue	0.34	0.34	0.68
Income Tax Account	0.31	0.14	0.45
<u>Federal Income Tax Loss***</u>	1.23	0.58	1.81

* Based on Dosco property worth \$24 million.

** Based on the people affected not finding
alternative employment in the Province.

*** Based on the people not finding alternative
employment in Canada.

Source: VEP

programs of both the Provincial and Federal Governments would have to be applied. Programs for retraining and relocation of those workers involved would be necessary, as well as the provision of a minimum level of income through unemployment insurance and welfare payments.

With respect to the direct effects² of the closure on employment, it has been established that of the total 3,000 people involved, 10 per cent are single and 90 per cent are married.

TABLE VI-8
AGE BREAKDOWN OF STEEL MILL LABOUR FORCE

	<u>30</u>	<u>40</u>	<u>50</u>	<u>60</u>	<u>65</u>	Total
Married	360	690	810	450	390	2,700
Single	<u>270</u>	<u>25</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>300</u>
Total	630	715	815	450	390	3,000
Per Cent	21%	24%	27%	15%	13%	100%

Table VI-8 reveals that the bulk of the labour force is over 40 years of age. The average age of the steel mill labour force is 47.2 years reflecting on the one hand the stability of the labour force in the mill and to a degree in the area. On the other hand it shows very vividly one of the major problems which would be encountered in retraining and relocating this labour force.

²Much of this analysis will concentrate on the direct effects with respect to the steel mill labour force as no information is available for the indirectly affected group. It has been assumed in all cases that a proportionate number will be affected similarly.

TABLE VI-9
BREAKDOWN OF STEEL MILL LABOUR FORCE BY SKILLS,
MOBILITY POTENTIAL AND RETRAINING REQUIREMENTS

			Mobility Potential*		Retraining Requirement**	
	Total	%	Total	%	Total	%
Skilled (incl. prof.)	480	16	168	35	-	-
Semi-skilled	660	12	198	30	462	15.4
Unskilled	1,710	57	291	17	1,419	47.3
Office	150	5	70	46	-	-
	<u>3,000</u>	<u>100</u>	<u>727</u>	<u>24.2</u>	<u>1,881</u>	<u>62.7</u>

* Mobility potential is reduced due to age factors and ties to the community and in the case of the unskilled labour force mobility is considerably reduced for the above reasons plus the fact of a lack of job opportunities for this group.

**It has been assumed that no similar jobs for the semi-skilled group will be available and thus the need for retraining.

Based on Tables VI-8 and VI-9 and with information supplied by the Department of Manpower and Immigration estimates of the cost of mobility and retraining programs have been made.³

The number in the labour force who would require relocation assistance has been estimated at 727 and it

³ While the average costs for these programs may appear to be high this bias is compensated for by the fact that the number of persons who will be involved has been underestimated.

is further assumed that of the people indirectly affected there will be a corresponding number. Thus, based on an average of \$2,115 per displaced employee the total cost involved would be approximately \$3 million for relocation.-

Based on the breakdown of Table VI-9 where 1,881 people are shown as requiring retraining assistance, it has been assumed that a similar proportion of the indirect lay-offs would require similar assistance making a total of 3,762 people. Based on an average cost of \$3,500 per person the total cost of retraining would be about \$13 million.

It should be noted that these benefits would not support a family accustomed to a higher income and it is quite possible that more drastic measures would have to be undertaken.

Unemployment insurance is payable for a maximum period of twelve months at a maximum rate of \$27 per week for single persons and \$36 per week for married persons. Directly, 227 single people and 2,046 married people would be eligible for these benefits for a total amount of approximately \$3.9 million. With respect to the indirect effects, it has been assumed that the same number would require assistance; thus the unemployment insurance payments will be approximately \$7.8 million. It is assumed that the bulk would be payable within 18 to 24 months of the closure since some individuals would be involved in programs such as retraining.

Of the 6,000 persons directly and indirectly affected by the possible closure of the mill approximately 3,000 family units would require welfare assistance in addition to unemployment insurance. The Sydney area, where the bulk of this assistance would be required, is eligible for 75 per cent Federal and 25 per cent Provincial assistance.

The maximum rate is \$150 per month and for this analysis it has been assumed that the average amount would be \$125 thus making an annual amount of \$1,500 per family.

Applying \$1,500 per family per year to 3,000 families would amount to \$4,500,000 per year of which \$3,375,000 would be Federal and the balance of \$1,125,000 would be Provincial. The above costs relate to the first year and it has been estimated that in the second year about two-thirds of the families would still require assistance. The cost in the second year would be \$3 million of which \$2,250,000 would be Federal funds and \$750,000 would be Provincial funds. In the third year it has been estimated that one-third of the families would still require financial assistance. It has been assumed that these 1,000 families would still require assistance for another ten years making a total cost in the third year and thereafter of \$1,500,000 per year. This would be shared \$1,125,000 Federally and \$375,000 Provincially.

In the first three years following the closure of the mill it is estimated that Federal payments would be \$6,750,000 and Provincial payments would be \$2,250,000. In the time-span envisaged for required emergency assistance Federal payments would be approximately \$18,000,000 and Provincial payments \$6,000,000.

Except for welfare costs all the other costs and particularly retraining and relocation costs are one-shot costs. These costs would only be incurred if the steel mill ceases operation. The passage of time may reduce these costs to the extent that alternate employment is available. Because of the high average age of the steel worker, the welfare cost would be a recurring cost as noted. The passage of time will not alter this in any way except to affect different individuals.

Another substantial cost which would result from the closure of the mill would be the capital losses associated with the collapse of the housing market. As most personal savings of the workers and also of those in the community would be invested in home ownership there would be a legitimate attempt on the part of those involved to seek government support to maintain the housing market as was the case

in Wabana, Newfoundland. Such a program would be very costly. Even on the simplest of assumptions the cost would be in the vicinity of 15 to 20 million dollars.

However, there are many costs which would probably have a more important bearing on the future of the Sydney steel plant. The nature of these costs is not amenable to quantification, but one must not overlook them. The psychological cost of the effect on the morale and attitude of the workers and the adverse effect that the closure would have on enticing new industry into the area are undoubtedly more important than the dollar costs which have been enumerated.

In summary it has been noted that the costs which would occur as a result of the closure of the mill are substantial. No attempt has been made to total all costs because many of the costs do not lend themselves to numerical expression. It is sufficient to note that the major cost will be the effect of the closure on the future redevelopment of the Island economy.

Considerations For Policy Development

When Dosco reached the decision to close the Sydney Steel Mill by April 30, 1968, the Provincial Government deemed it necessary to buy the time required to examine whether there was any possible way to maintain the operation on a viable basis and to study the importance of the steel mill in relation to the evolving development strategy for the redevelopment of the Cape Breton economy.

To carry out the first task, the Provincial Government formed a Crown Corporation, the Sydney Steel Corporation. The object of the Sydney Steel Corporation is to continue the operation of the Sydney Works for a sufficient time to assess its long-term future and to give effect to that assessment. Thus, during this period the Corporation is limited to a two-pronged attack to determine the viability of the mill: (1) a program of internal cost reduction and (2) a sales program designed to operate the mill at capacity levels in conjunction with the marketing of that output at profitable prices. Before proceeding to an analy-

sis of these factors, it is worthwhile noting that there are many new technical developments which are presently in the experimentation stage which would bring benefits to all steel producers who adopted them. The greatest relative gain would accrue to producers whose existing steelmaking facilities are the least efficient and this would embrace the Sydney Steel Works. However, because of the presently short guaranteed future life of the mill, we must perforce preclude these developments from having any bearing on the future of the mill. This will require more difficult decisions than would be required in a mill looking towards long-term operation.

The success which the Corporation will attain in its program of internal cost reduction will be dependent in large measure upon the support it receives from the Union and the co-operation it receives from the individual employee. While this program is in effect it ought to be appreciated by everyone involved that the Corporation's decisions must be motivated by a concern for the common good of the whole community. However, while a program of internal cost reduction is necessary, it is not the major factor in assessing the long-term future of the mill. This will depend even more on the ability to achieve capacity production with its attendant low unit cost coupled with the ability to market the product on a profitable or at least a break-even basis.

The events which have transpired since October 13, 1967, and the uncertainties surrounding the future of the mill will no doubt present many obstacles to the Corporation's profitable marketing of its products. The surplus capacity existing in the world markets with its attendant depressed prices may militate against the Corporation's ability to secure markets at prices that would cover production costs. With respect to the marketing of products in domestic markets, it is difficult to state how many customers may have already negotiated short-term, if not long-term contracts for the supply of steel with other steel companies because of the uncertainties surrounding the future of the Sydney Steel Mill. The results of the Kennedy Round tariff negotiations will no doubt

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exaggerate this problem by reducing tariff barriers on the importation of basic steel.

Two conclusions emanate from this brief analysis. Firstly, the measure of success which the Corporation will achieve in its first year of operation must be viewed against this background of depressed prices in its major markets. The Corporation, while it may be able to effect considerable economies in operation may not be able to translate these into a viable operation because of the factors enumerated above. Also, it is the considered opinion of many steel experts that the current over-capacity in world markets will probably continue into the early 1970's and thus the Corporation will no doubt encounter considerable hardship in attempting to operate under these circumstances.

Secondly, there is a certain trade-off position between any deficit which may result in the operation of the mill during the period under consideration and the cost which the various governments will have to absorb both directly and indirectly in the event that the mill is closed. It is difficult to quantify this optimal position because on the one hand there are many intangibles which do not lend themselves to quantification and on the other hand the final decision must be a political one.

While it is difficult to state with any degree of certainty the final result of the operation of the mill under the management of the Sydney Steel Corporation, and the results of the on-going assessment as to the future viability of the mill, for purpose of analysis three broad possible outcomes may be delineated. Firstly, the mill may prove to be a marginally viable operation and as such it would in all probability continue to operate as long as it remains in this position. The second possibility, although remote, is that the mill would require heavy subsidies approaching its wage bill in order to remain in operation. In such an event the mill should and probably would definitely cease to remain in operation. However, such a possibility would imply that the entire Canadian steel industry would also be experiencing major financial problems and would therefore require assist-

ance on an 'industry' basis. The third possibility, and the one which appears most likely is that the mill may require financial assistance to continue operation. In this case, the degree of assistance required, while it may exceed the resources of the Province to finance, would be small in relation to the alternate cost in the event of the demise of the mill.

However, it is meaningless to discuss the future of steel in isolation. It is important to set steel in its proper perspective and to examine existing policies for regional development in Cape Breton. The most important agency, solely concerned with the redevelopment of the Cape Breton Island economy is the recently established Cape Breton Development Corporation. This Corporation was established as part of Federal policy dealing with the problems of the Cape Breton coal industry.

The Cape Breton Development Corporation was formed on the basis of the recommendation of the Federal Government sponsored study, "The Cape Breton Coal Problem" by J. R. Donald. The act to establish this Corporation sets out its principal function as follows:

"And whereas it is considered desirable and the Governments of Canada and Nova Scotia have agreed that a Crown Corporation be established to promote and assist the financing and development of industry on the Island to provide employment outside the coal producing industry and broaden the base of the economy of the Island, and to acquire the interests of the major coal producer in the Sydney coalfield and reorganize and operate the mines with a view to the rationalization of coal production therefrom and the progressive withdrawal of the Corporation from such production in accordance with a plan that takes into account progress in providing employment outside the coal producing industry and in broadening the base of the Island's economy;"

These objectives of the Corporation are consistent with the conclusions previously reached by the Planning Board on the Cape Breton coal problem. These conclusions were outlined in the Board's First Plan and its 1966 Annual Review.

Since the Corporation was formed Dosco announced that it would close the Sydney steel mill. In view of this it would seem almost impossible for the Corporation to achieve its aims if the steel mill were allowed to close out. In fact, it would almost be a contradiction in terms if the Corporation were ever to attempt to carry out its plan without first ensuring the required degree of stability by retaining the steel mill in operation. So long as the Federal and Provincial Governments are committed to a policy of redevelopment of Cape Breton Island it is an overriding necessity that the coal and steel employment be stabilized while an all-out effort is made to develop an alternate economic base.

It is within the Cape Breton Development Corporation's ability to act as it sees fit in accomplishing its aim. This would include the Corporation extending financial assistance, if any is required to keep the steel mill in operation. It would appear likely that the Corporation funds will have to be increased above the present limit of \$30 million for industrial development in order to accomplish their aims.

The successful solution to the Region's problems depends to a large degree on the Corporation's ability and also other agencies to improve the industrial structure and expand and diversify the manufacturing base. How this can be done most efficiently will require a great deal of study and planning by the Corporation and the Province.

However, there appears to be several points which are worthy of attention. Industries to be established in the area must be carefully screened to ensure that after initial assistance they can survive and compete on their own resources. While employment potential will be a factor in the selection of industry, strong emphasis should be given to its long-term growth po-

tential, its level of productivity and productivity growth, its ability to attract good entrepreneurial talent, and its linkage potential, i.e., its ability to attract other firms to provide inputs and/or use its outputs. Attention will also have to be given to the wage levels of new firms as it should not be expected that the mine labour force will leave the collieries for industries offering sub-standard wages.

Apart from the actual study of the types of industries most desirable and the methods to be used in their attraction, the Corporation together with other agencies, particularly the Provincial Government's agencies, will have to study the means by which the education and technical training programs can be expanded to meet their needs. Equally important will be improvements of the Region's commercial and technical services, infrastructure and environment, including such important items as housing, municipal services, health services, transportation systems and the people's attitude towards development. It is further hoped that the Corporation will give serious attention to the location of industry within the Region, particularly the industrial development of the Canso Strait and Sydney areas.

It is hoped that the Corporation will view its industrial development function in a much broader perspective than the establishment of new employment. The problems of Cape Breton are more than just a coal problem or a steel problem. Preceding paragraphs have pointed out that the lack of great industrial development in the past has resulted in a large exodus of young people leaving the Region. Unless this outflow is reduced, it appears that the industrial development of the Region is doomed. Jobs must be established for the same number of those leaving the Region, for those two or three hundred that normally enter the mining labour force each year, and for those who no longer can find employment in the resource industries. It appears impossible to arbitrarily single out coal miners for new jobs. Furthermore there is a certain amount of evidence to indicate that the retraining and re-establishing of those who have worked in the mines will meet with limited success and that the best approach may be to concentrate on finding

employment initially for the younger members of the labour force.

CHAPTER VII

FEDERAL REGIONAL DEVELOPMENT PROGRAMS

Potentially some of the most important agencies for fostering economic development in the Province are those of the Federal Government. From a provincial point of view, their importance and success is directly related to the ability of the Province to influence these Federal programs so that they meet the needs of the Province. While the Province is not unduly constrained by jurisdictions relating to regional economic development, Federal Government spending could be more effective if it was not for the difficulty in readily adapting national economic measures to the needs of a single province or region. Federal Government spending, particularly for development purposes should be shaped and influenced by provincial considerations to a much greater extent.

At the present time, in addition to the normal Federal operating departments, there are four Federal agencies concerned with regional development. These include the Area Development Agency, the Atlantic Development Board, the Cape Breton Development Corporation and the Fund for Rural Economic Development under the Department of Forestry and Rural Development. These agencies are concerned with regional development either exclusively or in conjunction with economic development generally in the Province or certain sub-provincial areas. There are possibilities and problems associated with the activities of each of these agencies as they are applied in the Province.

The Area Development Agency (ADA) was established to formulate and implement programs of assistance for development in designated areas of high unemployment, low income, and slow rates of growth. All of Nova

Scotia except the Halifax-Dartmouth metropolitan region has been designated under ADA as an area where industries may qualify for Federal capital grants. As a consequence, the most promising centre in the Province has been omitted. The practical administrative reason why such a selection was made is appreciated. In order to avoid political recriminations, it was no doubt thought desirable to have an objective standard of the kind afforded by the figures for unemployment. However, it is difficult to see how much genuine progress with long-term economic development can be made on this basis. For example, in 1966, the last full year when investment data were available, the Halifax-Dartmouth metropolitan region, an area with more than 35 per cent of the Province's population, received less than 10 per cent of the Province's total manufacturing investment. The present ADA program does not recognize the principle that growth in lagging regions is best obtained by developing those areas within the region which have the most potential. (See pages 54-58.)

The Atlantic Development Board (ADB) was established to recommend programs and policies for fostering economic development in the Atlantic Provinces and to prepare an overall co-ordinated plan for the promotion of the economic growth of the Atlantic Region. At the present time the ADB is preparing a regional plan that has a tentative completion date of December, 1968. The planning operation has been underway since the summer of 1965 and was undertaken to provide a framework for the public expenditures presently made by the ADB's Program Division at an annual rate of \$40 million, of which Nova Scotia's share has been \$12 million.

It is a widely held view that existing relationships between the Atlantic Provinces and ADB are inadequate for the purpose of preparing a development plan. Procedures have been developed whereby the ADB's Planning Division can benefit from consultation with individual provincial operating departments but these tend to be unilateral consultations, generally at the initiative of ADB. No means exist whereby the provinces can take an effective part in formulating development objectives and strategies.

It is also felt that the Province, either individually or in concert with the other Atlantic Provinces, must inject itself into the planning activities of ADB in a more conscious and deliberate way, before the ADB's objectives and approaches have been consolidated, since the results of this planning will be used to shape future ADB activities in the Province.

The Cape Breton Development Corporation was established in 1967 with two major divisions each with a different responsibility. The Coal Division is responsible for the rehabilitation, reorganization and the operation of the Cape Breton coal mines formerly owned by the Dominion Steel and Coal Corporation Limited. The Industrial Development Division was established "to promote and assist, either alone or in conjunction with any person or the Government of Canada or of Nova Scotia or any agency of either of such governments, the financing and development of industry on the Island of Cape Breton to provide employment outside the coal producing industry and to broaden the base of the economy of the Island." (Quotation taken from legislation establishing the Cape Breton Development Corporation.) The purpose of the Corporation seems clear, but the magnitude and type of its industrial development activities less so. In any event, the Corporation will find it extremely difficult to operate in any meaningful manner independently of a wide range of Provincial Government responsibilities and actions. For example, the Corporation's activities will undoubtedly have a significant impact on the scale and nature of services provided by the Department of Highways, Municipal Affairs, and Trade and Industry, as well as agencies such as the Water Authority and the Housing Commission. In addition, the Corporation will probably involve several Federal departments and agencies in securing its objectives.

The legislation establishing the Cape Breton Development Corporation in June, 1967, anticipated such activities by stating:

"The Corporation shall consult and co-operate, either directly or, if a committee to co-ordinate economic development activities on Cape

Breton Island is established pursuant to any agreement in that behalf between the Governments of Canada and Nova Scotia, through that committee, with all departments and agencies of the Governments of Canada and Nova Scotia having duties related to or having aims or objects related to those of the Industrial Development Division, and shall not undertake any action in relation to such objects if that action can be more appropriately carried out under any other assistance program or can reasonably be carried out without the assistance of the Corporation."

Prior to passing legislation to establish this Corporation the Prime Minister stated the Corporation would "...help promote and finance the development of modern industry on the Island of Cape Breton, within the context of a comprehensive economic plan for the redevelopment of the Cape Breton economy". However, the Act passed by Parliament to establish the Corporation made no mention of this important condition. The only reference to planning made in the Act was the necessity of the Corporation to draft a plan, within one year of the Act's proclamation, for the "conduct of coal mining" (Section 17 of the Act to Establish the Cape Breton Development Corporation). Before any rational program for industrial development can be formulated, the Corporation will require a general overall strategy or plan for the Island's economy which must be consistent with the overall development of the Province.

Under the program of the Federal Agricultural and Rural Development Act (ARDA) certain geographical areas in Canada with development potential, but hampered by low incomes and major adjustment problems, could be jointly designated as Rural Development Areas by the Federal and Provincial Governments. The nine eastern counties (including Cape Breton Island) of the Province were so designated. It is then the responsibility of a special task force to prepare a comprehensive development plan for such areas. In order to implement such plans costs will be shared by both levels of Government. At the Federal level a special

Fund for Rural Economic Development was established for this purpose.

Under the terms of the Fund for Rural Economic Development Act, programs of public investment, related to industrial development, as well as resource development and adjustment, housing, etc., may be applied in the nine eastern county area as part of the comprehensive development plan. The task force for Nova Scotia's Rural Development Area recommended a substantial amount for industrial development purposes. However, unless a rationale for this allocation is provided and a detailed elaboration of operational principles afforded, a considerable amount of preparation will have to be undertaken to develop the industrial development content of the plan.

Except for the Cape Breton Development Corporation which is solely concerned with the Island of Cape Breton, the activities of the other agencies extend to areas outside the Province. ADA programs cover about 35 Canada Manpower Administrative Areas across the country which are mostly non-urban areas. The ADB is concerned with the four Atlantic Provinces. The Fund for Rural Economic Development includes the nine counties in eastern Nova Scotia, the western third of Newfoundland, all of Prince Edward Island, two counties in north-eastern New Brunswick, nine counties in eastern Quebec and two census divisions in central Manitoba. It is important to note that Cape Breton is the only area in Canada to have the benefit of all four.

These Federal programs represent the totality of "discretionary" Federal development initiative and no additional Federal initiatives are foreseen. In the past much discussion and concern has arisen over the co-ordination of these programs to provide the maximum benefit for the areas concerned. None of these Federal agencies and none of the personnel associated with them have the same stake or vested interest in the development of the Province as the Province has itself. Therefore it is felt that if the Province wishes to receive maximum advantage from these programs, the onus lies with the Province, and not the Federal Government, to take the initiative in shaping with the Federal Government

the type and scale of development programs that best meet the Province's needs and priorities. The Province should take the initiative in formulating the means by which these programs can be best utilized for promoting economic growth of the area.

In order to realize the optimum benefits associated with these Federal programs and shape them to the Province's needs it is suggested that the Province present a common front and create a common mechanism for dealing with all Federal development efforts in the Province. It is believed that the rationalization of Federal initiatives in regional development can be most quickly accomplished in this manner.



APPENDICES



APPENDIX A

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TABLE A-1—POPULATION, NOVA SCOTIA

	Population (June 1)	Births	Deaths	Net Natural Increase	Loss Through Migration
	(thousands)	(Annual Number)	(Annual Number)		(5 year periods)
1951*	643	17,125	5,812	11,313	11,000
1952	653	17,951	5,756	12,195	
1953	663	18,276	5,808	12,468	
1954	673	18,909	5,692	13,217	
1955	683	18,967	5,940	13,027	
1956*	695	19,106	5,738	13,368	22,810
1957	701	19,316	5,977	13,339	
1958	709	18,898	6,120	12,778	
1959	719	19,038	6,371	12,667	
1960	727	19,126	6,102	13,024	
1961*	737	19,382	6,135	13,247	37,000
1962	746	19,432	6,342	13,090	
1963	751	18,976	6,367	12,609	
1964	755	18,314	6,384	11,930	
1965	756	16,524	6,334	10,190	
1966*	756	15,220	6,478	8,742	
1967	757	14,737	6,672	8,065	

*Census Years

Source: DBS 84-202, 91-201

TABLE A-2—LABOUR FORCE⁽¹⁾ AND EMPLOYMENT
BY QUARTER, NOVA SCOTIA

	Labour Force	Employ- ment	Unemploy- ment	Unemployment Rates		
	N.S.	N.S.	N.S.	N.S.	Atl.Prov.	Can.
	(thousands)			(per cent)		
1964						
4Q	237	223	14	5.9	6.3	3.8
1965						
1Q	233	212	21	9.0	12.2	5.8
2Q	241	228	13	5.4	8.3	4.2
3Q	251	242	9	3.6	4.2	2.8
4Q	242	233	9	3.7	5.2	3.0
Mo. Avg.	242	229	13	5.4	7.5	3.9
1966						
1Q	237	217	20	8.4	10.7	4.9
2Q	244	233	12	4.9	5.9	3.5
3Q	259	249	10	3.9	4.1	2.9
4Q	250	240	10	4.0	5.1	3.1
Mo. Avg.	248	235	13	5.2	6.5	3.6
1967						
1Q	242	221	21	8.7	10.4	5.3
2Q	250	235	15	6.0	7.2	4.2
3Q	260	250	10	3.8	3.9	3.1
4Q	255	243	11	4.3	5.4	3.9
Mo. Avg.	251	237	14	5.6	6.6	4.1

(1) Based on civilian population 14 yrs. of age and over, excludes inmates of institutions, members of the armed services and Indians living on reserves.

Source: Based on data from Dominion Bureau of Statistics

TABLE A-3—AVERAGE MONTHLY ESTIMATES OF EMPLOYEES FOR CERTAIN INDUSTRIES, NOVA SCOTIA
(thousands of employees)

	Forestry	Mining	Man- facturing	Con- struction	Transportation Communication and Other Utilities	Trade	Finance Insurance and Real Estate	Service	Total for Specified Industries
1961	2.4	8.1	26.2	9.9	22.9	24.9	4.5	9.6	108.5
1962	2.7	7.8	27.7	10.6	23.0	25.4	4.9	9.7	111.8
1963	2.1	8.0	28.9	9.5	21.8	26.0	5.2	10.2	111.7
1964	2.2	7.6	30.3	9.2	22.1	26.3	5.3	10.9	113.8
1965	2.3	7.9	32.5	11.2	22.1	26.8	5.6	11.3	119.7
1966	2.3	7.5	33.2	12.7	22.8	27.7	5.8	12.2	124.2
1967*	2.1	7.3	32.7	12.7	22.2	27.9	6.2	13.0	124.1

*10 month average

Source: D8S 72-008, Estimates of Employees by Province and Industry

TABLE A-4—PERSONAL INCOME, NOVA SCOTIA
(millions of dollars)

	Total ⁽¹⁾	Wages Salaries and Supplementary ⁽²⁾ Labour Income	Net Income Farm Production	Net Income Non-Farm Unincorporated Business	Interest Dividends and Net Rental Income	Government Transfer Payments Exc. Interest
1954	607	390	17	63	47	69
1955	627	405	15	69	46	72
1956	675	440	16	75	48	73
1957	721	465	15	76	54	85
1958	757	475	13	82	55	105
1959	804	500	13	84	64	115
1960	848	528	13	86	72	126
1961	882	542	13	89	74	135
1962	934	572	11	91	82	146
1963	981	605	10	96	90	150
1964	1,041	647	6	103	96	163
1965	1,130	705	9	110	104	174
1966	1,197	774	8	111	113	186
1967*	1,280	837	7	115	120	196

(1) Distribution of the main components of personal income only are given in Columns 3 to 7 inclusive

(2) Excludes military pay and allowances, includes employer and employee contributions to social insurance and government pension funds

* Estimated by VEP

Source: DBS 13-201, National Accounts

TABLE A-5—PERSONAL INCOME PER CAPITA

NOVA SCOTIA AND CANADA

(Current Dollars)

	Nova Scotia	Canada	N.S. as % of Canada	Differential Canada - N.S.
1954	902	1,205	74.9	303
1955	918	1,257	73.0	339
1956	971	1,361	71.3	390
1957	1,029	1,396	73.7	367
1958	1,068	1,445	73.9	377
1959	1,118	1,489	75.1	371
1960	1,166	1,535	76.0	369
1961	1,197	1,564	76.5	367
1962	1,252	1,667	75.1	415
1963	1,306	1,740	75.1	434
1964	1,379	1,822	75.7	443
1965	1,495	1,980	75.5	485
1966	1,583	2,134	74.2	551
1967*	1,691	2,295	73.7	604

*Estimated by VEP

Source: DBS National Accounts, 13-201

TABLE A-6—AVERAGE WEEKLY WAGES AND SALARIES BY INDUSTRY, NOVA SCOTIA AND CANADA

	1961	1962	1963	1964	1965 ⁽¹⁾	1966 ⁽¹⁾	1967 ⁽²⁾
MINING							
Nova Scotia	70.81	74.92	80.93	82.09	81.50	86.51	91.55
Canada	95.57	98.53	101.96	105.73	111.53	119.55	129.30
MANUFACTURING							
Nova Scotia	66.27	67.77	69.55	73.03	76.05	80.00	84.00
Canada	81.55	84.00	86.90	90.42	94.78	100.13	106.30
CONSTRUCTION							
Nova Scotia	70.90	68.56	73.79	74.43	79.42	86.86	94.90
Canada	88.82	91.19	95.27	100.06	107.92	120.42	131.20
TRANSPORTATION AND COMMUNICATION AND OTHER UTILITIES							
Nova Scotia	67.99	70.39	73.70	75.95	80.24	82.66	93.30
Canada	83.38	86.00	89.71	93.32	98.77	103.41	113.20
TRADE							
Nova Scotia	52.41	54.52	56.46	58.71	61.47	64.62	69.80
Canada	64.54	66.53	68.80	71.07	73.49	76.86	81.20
INDUSTRIAL COMPOSITE							
Nova Scotia	63.72	65.43	68.03	70.14	73.43	76.99	82.70
Canada	78.24	80.54	83.27	86.51	91.01	96.30	102.60

(1) 1965 and 1966 average preliminary

(2) Estimated by VEP

Source: CBS 72-504 and 72-502

TABLE A-7—CAPITAL EXPENDITURES, NOVA SCOTIA
(millions of dollars)

	Business				Social Capital		Capital Investment Per Capita
	Primary Industries and Construction	Manufacturing	Utilities	Trade, Finance and Commercial Services	Institutional Services and Government Departments	Housing	
				Total		Total	(dollars)
1961	21.7	40.8	26.3	22.7	111.5	49.3	223.7
1962	28.1	19.4	28.9	26.0	102.4	44.1	222.9
1963	23.4	32.7	35.7	28.8	120.6	44.3	234.0
1964	39.8	40.1	40.2	40.3	160.4	47.0	270.6
1965	29.2	60.5	47.7	31.6	169.0	50.9	317.7
1966(p)	36.5	109.7	54.2	28.4	228.8	50.2	399.9
1967(i)	44.2	99.2	80.9	31.8	256.1	52.0	480.8

p - preliminary
i - intentions (mid-year estimates)

Source: DBS 61-205

TABLE A-8—OUTPUT OF COMMODITY PRODUCING SECTORS, NOVA SCOTIA
(thousands of dollars)⁽¹⁾

	Agric- ulture	Fishing	Forestry	Mining	Manu- facturing	Con- struction	Power
1961	46,310	27,741	19,777	61,693	381,660	204,845	1,861
1962	46,792	32,062	18,014	61,651	426,368	205,146	1,949
1963	47,399	36,228	19,437	66,318	458,919	213,108	2,136
1964	46,735	42,436	23,710	66,074	523,769	215,779	2,403
1965	51,487	49,371	n.a.	70,772	558,598	256,356	2,632
1966	55,556	47,190	n.a.	77,301	591,670	297,089	2,872
1967*	55,200	48,400	n.a.	n.a.	610,000	355,900	2,910

Note: ⁽¹⁾ Output is in terms of gross value in thousands of dollars, except power in terms of millions of kwh.

*Estimated by VEP

Source: Based on data from Dominion Bureau of Statistics

TABLE A-9—PHYSICAL OUTPUT OF SELECTED COMMODITIES
(thousands)

	Forestry		Fishing	Mining
	Pulpwood Production	Sawn Lumber Production ⁽¹⁾	Landings	Coal Production
	(cubic feet)	(board feet)	(pounds)	(tons)
1961	36,552	238,847	439,562	4,301
1962	39,915	228,218	435,903	4,205
1963	38,407	241,500	427,127	4,555
1964	50,331	239,675	514,703	4,293
1965	56,429	245,555	592,350	4,134
1966	49,167	223,037	693,347	3,855
1967*	60,500	210,000	690,000	3,741

(1) Includes sawn lumber and boxwood

*Estimated by VEP

Source: Pulpwood and Lumber - Nova Scotia Department of Lands and Forests
Fisheries and Coal - Based on data from Dominion Bureau of Statistics

TABLE A-10—VALUE OF CONSTRUCTION WORK PERFORMED, NOVA SCOTIA
(thousands of dollars)

	1961	1962	1963	1964	1965	1966 ⁽¹⁾	1967 ⁽²⁾
Total value of construction	204,845	205,146	213,108	215,779	256,356	297,089	355,900
Total building construction	130,561	138,035	130,561	132,787	165,098	180,651	194,490
Residential	65,700	58,500	59,500	60,300	65,100	65,400	66,100
Industrial	15,651	10,881	13,580	18,009	18,800	31,972	22,438
Commercial	19,866	19,885	19,781	24,283	21,146	24,726	31,625
Institutional	23,609	32,600	27,514	19,698	38,835	43,614	59,185
Other building construction	13,655	16,169	10,186	10,497	21,217	14,939	15,142
Total engineering construction	66,284	67,111	82,547	82,992	91,258	116,438	148,291
Marine construction	6,363	6,703	8,302	8,531	6,558	6,151	7,162
Road, highway and aerodrome construction	25,829	27,726	29,847	30,271	33,939	55,410	62,661
Waterworks and sewage systems	4,997	4,872	5,696	5,955	8,813	8,238	9,991
Dams and irrigation	1,223	642	804	1,216	719	930	1,109
Electric power construction	7,728	7,579	8,628	10,578	17,051	17,211	31,918
Railway, telephone and telegraph	10,042	9,727	11,644	12,661	9,941	12,810	14,899
Gas and oil facilities	1,720	3,312	10,478	418	858	1,305	886
Other engineering construction	8,382	6,550	7,148	13,362	13,379	14,383	19,665

Source: DBS 64-201, Construction in Canada

(1) Preliminary

(2) Intentions - Total based on revised mid-year forecast
Detailed breakdown based on original 1967 forecast

TABLE A-11—RETAIL TRADE
NOVA SCOTIA AND CANADA

	Nova Scotia		Canada	
	Total	Per Capita	Total	Per Capita
	(\$'000,000)	(\$)	(\$'000,000)	(\$)
1961	580	787	16,073	881
1962	603	808	17,094	920
1963	632	842	18,116	957
1964	663	878	19,351	1,003
1965	704	931	20,802	1,059
1966	741	980	22,108	1,105
1967	786	1,038	23,434	1,148

Source: DBS 63-513, 63-005

TABLE A-12—CONSUMER PRICE INDEX (ALL ITEMS)

NOVA SCOTIA AND CANADA

	Canada	Nova Scotia (Halifax)
1956	118.1	116.1
1957	121.9	119.8
1958	125.1	122.9
1959	126.5	125.9
1960	128.0	127.2
1961	129.2 ⁽¹⁾	128.5
1962	130.7	130.2 ⁽²⁾
1963	133.0	131.5
1964	135.4	132.0
1965	138.7	134.4
1966	143.9	138.0
1967	149.0	141.2

(1) Canada - 1957 weights replace 1947-48 weights
beginning January, 1961

(2) Nova Scotia - 1957 weights replace 1947-48 weights
beginning February, 1962

Source: DBS 62-002

APPENDIX B

RECOMMENDATIONS APPROVED BY THE
VOLUNTARY PLANNING BOARD
1966 AND 1967Agriculture Sector

1. An incentive program for soil development and the increased production of feed grain and grain products should be instituted in Nova Scotia in order to reduce and, if possible, eliminate the need for assistance on imports of these products.
2. The Voluntary Planning Board has established a committee to investigate all aspects of property expropriation. This committee is directed to bring forward recommendations designed to eliminate injustice and deficiencies whenever they are found to exist and is to be representative of landowners, land-use planners and such other interested parties as may be deemed advisable.
3. The Voluntary Planning Board supports the Nova Scotia Federation of Agriculture in its resolution to conduct a complete study of municipal taxation in other provinces, with a view to requesting that steps be taken to remove taxation inequities in Nova Scotia.
4. The Nova Scotia Federation of Agriculture has resolved that the Canadian Federation of Agriculture should be asked to undertake an analysis of marketing boards and their value to producers and that the information obtained should be used extensively by them in an educational program for farm people. The Voluntary Planning Board gives its support in principle to this action.
5. The Agriculture Sector Committee has been authorized by the Planning Board to undertake the establishment of long range goals for the development of its industry in Nova Scotia.

6. The Sector Committee when establishing these goals should strive for the full utilization of the industry's resources in those areas of production which are economically feasible. In doing so, it should concern itself exclusively with the viable or potentially viable farm.
7. Some form of farm capital injection is necessary to facilitate the redevelopment of the industry. The sector is requested to develop a specific policy for consideration by the Planning Board.
8. In broad terms, a capital grants program will be required under which a soil building program can be implemented and farm production facilities can be upgraded. Such assistance to be contingent on the concurrence of farm management counselors.
9. Distribution of capital grants under such a program should be:
 - (a) allocated on the basis of individual merit, and
 - (b) made through existing agencies.
10. The Agriculture Sector Committee should continue its work of detailing specific proposals for a capital grants program in close consultation with the Planning Board.
11. It is recommended that more publicity be given to all Department of Agriculture assistance and credit policies. In addition, it is recommended that the Department of Agriculture be requested to compile a summary of financial assistance available to farmers. The brochure should be revised annually.
12. It is recommended that the Nova Scotia Agricultural College provide a more liberal scholarship program for Nova Scotia students in order to attract bright young people to the agriculture industry via the College.

Forestry Sector

1. The Government of Nova Scotia is requested to lease or license Crown Lands, and other lands to be acquired by the Province, to lumber operators and to operators of other forest industries on the same or similar basis as long-term leases and/or licenses have been made to pulp and paper companies.
2. The five-point proposal submitted by the Nova Scotia Forest Products Association's Committee of sawmill representatives should be considered as one of a number of principles by which the intent of the first motion be implemented. (These proposals are set out below.)
 - (a) The Department of Lands and Forests is requested to initiate a program of land transactions, designed to consolidate the holdings of Crown land with those of private woodlot owners.
 - (b) Consideration should be given by the Government to the granting of long-term Crown land leases to sawmill operators, who do not have sufficient supplies of sawlog materials to warrant the capital expenditures required to upgrade their mills to economic levels, but who are able and willing to manage these leased lands in an approved manner prescribed by the Crown.
 - (c) The Government is requested to initiate a program under which a sawmill operator may by conveying title to his forest land holdings to the Crown, receive in return a credit for stumpage equal to the value of the land transferred, against future stumpage purchases from the Crown. Under this program, the Crown would make an equivalent amount of its land available, via a twenty-five year lease agreement, to the operator in an area adjacent to his sawmill. From this combined land area, the operator would deplete his stumpage credit. Should the operator deplete

his credit prior to expiry of the agreement, he would be permitted to receive additional crown stumpage in his area, by paying for it at the same rate per thousand board feet as was used in determining the credit for the lands he initially transferred to the Crown.

Among the conditional factors determining the feasibility of such an arrangement would be:

- (i) that the operator would be obliged to manage and cut these lands according to regulations set out in the lease agreement.
 - (ii) that assurance would be forthcoming from the Federal Department of Revenue that those availing themselves of this program would be allowed full depletion of their stumpage credit over the years required to consume it.
 - (d) The government is requested to acquire additional lands in areas where all of its lands are presently under long-term commitment to enable it to extend the above program to sawmill operators anywhere in Nova Scotia.
 - (e) The government is requested to acquire suitable forest land in areas of Nova Scotia, where sawmills are presently not operating, with the intention of attracting permanent sawmill operators to these areas, who no longer have sufficient raw material within reach of their present operations.
3. The Government of Nova Scotia is requested to convene a meeting, composed of suitable personnel, to discuss the interchange of raw material stocks between the lumber and pulpwood using industries.
 4. The boundaries of the existing bird sanctuary, located near Deep Cove in Lunenburg County, should be extended to include the two lakes known as

Feather Pond and Bowen Lake, together with that portion of Crown Land which lies between these two lakes and the existing boundaries of the present sanctuary.

5. Regardless of the type of system of forest land taxation in the Province, it should be assessed, levied, collected and administered by one provincial body.
6. All taxes on forest land should be incorporated into one single tax and this tax should be in the form of a yield tax.
7. In order to establish such a taxation system, the Provincial Government should set up a Forest Yield Tax Commission whose responsibility after drafting the necessary act and regulations would be to impose and collect the tax and distribute the tax revenues to the municipalities.
8. The Government of Nova Scotia is requested to initiate a meeting of appropriate cabinet members and senior personnel of the Department of Lands and Forests for the purpose of formulating long-range policy objectives pertaining to the forest resource and to prepare an operational plan in some detail for the realization of these objectives.

Secondary Manufacturing

1. To assist in the immediate solution of research and development problems which are confronting many smaller industries, the percentage contribution for research presently provided by the federal government to small businesses should be raised for their first research or development expenditure to a level which will provide a total joint investment of \$100,000.
2. The Planning Board urges industry to make full use of provincial government advisory and research facilities presently available and recommends that the Federal Department of Industry should be espec-

ially generous in the case of smaller industries wishing to embark on general, rather than specific, research or development projects.

Tourism

1. The Board approves in principle the Department of Trade and Industry's proposal on the development of accommodation and recreation complexes and urges the Department to continue to pursue the idea.
2. The Board supports and approves of the action taken by the Department of Trade and Industry to have the tourist industry brought into the Area Development Agency program.

Transportation and Communication

1. The Atlantic Development Board should be requested to devote further study to the potential benefits to be derived from upgrading Nova Scotia Highway #4 (Port Hawkesbury to Sydney).
2. The Halifax-Truro Highway should be upgraded to four lanes by 1972 as a matter of priority.
3. The Halifax-Digby-Yarmouth Highway should be improved and brought up to all-weather standards by 1971.
4. The North Sydney-Glace Bay Highway should be upgraded to four lanes by 1980.
5. Freight subsidies to the Maritime Provinces (under the Maritime Freight Rates Act) should be paid to shippers on a non-discriminatory basis, (regardless of the type of transportation medium employed).
6. The concepts put forth in the Kauffeld and McKinsey Reports should be tested by the Government of Canada, and additional research should be undertaken and immediate trials conducted with unit trains to ascertain the feasibility of applying them as a key component of an integrated trans-

portation network leading to the ultimate goal of developing Nova Scotia's ports and lowering over-land transportation costs to, from, and through the Atlantic Region.

7. The necessity for and possibility of upgrading the existing roadbed between the Atlantic Region and Central Canada should be carefully examined by the Government of Canada to ensure that the maximum speed and tonnage capacity of rail transport equipment may be fully utilized.
8. An inquiry should be undertaken by the government (with the help of but not by the Maritime Transportation Commission) with a view to establishing the efficacy of water transportation for the movement of certain freight within Canada and for foreign trade, with particular and specific reference to steel, coal and other bulk commodities.
9. The Voluntary Economic Planning staff should, in consultation with the Department of Trade and Industry, study the problem of arranging bookings on the M.V. Bluenose; that is, to do a limited survey of truckers carrying fish to the United States, the space available on both in and outbound trips, how this space is utilized and the difficulties encountered in obtaining it.

Education Advisory Council

1. The Planning Board at the request of, and in consultation with the sub-committee of the Education Advisory Council for Continuing Education commissioned a survey of the Atlantic Region to:
 - (a) Determine the specific needs for management education.
 - (b) Prepare an inventory of the resources presently available in the Atlantic Region to meet the needs defined in (a).
 - (c) Based upon the conclusions developed under

(a) and the inventory of resources prepared in (b) to recommend:

(i) What additional resources are required.

(ii) How existing and additional resources can best be utilized to provide the required level of management education.

2. In view of a rising demand for the continuing education of adults, the Schools of Education in the universities should consider the possibility of offering credit and non-credit courses specifically in the field of adult pedagogy. Additionally, it is recommended that the Department of Education consider offering on a summer school and regional basis, courses in adult pedagogy not only for public school teachers, but also for non-licensed persons who may be engaged in adult training.
3. The Department of Education is urged to upgrade the curriculum and teaching at the Grade XII level to make this a viable basis for entry into a three-year pass degree course or a four-year honours degree course at all universities.
4. In order to provide an open-ended approach in technical education, the universities and the Department of Education should make a study of the equivalence of courses at the Vocational High Schools and the Institute of Technology, with similar courses in the earlier years of the universities curricula, in specific disciplines. The object of this study would be to allow direct entrance to university, with credit, of the best graduates of the Vocational High Schools and the Institute of Technology, without the requirement of a complete matriculation. It would also permit drop-outs from the universities to enter the Institute of Technology with credit.
5. Employers are urged to plan mutually useful summer jobs for undergraduates in all disciplines and that employers who complain of the lack of practical experience on the part of university graduates

should re-examine their own programs of summer employment for university students.

6. In view of the poor response to extension courses offered by universities, employers are urged to encourage their employees, in every way possible, to take advantage of these courses. This encouragement should include part or total payment of the fees for such extension courses.
7. To provide a wider coverage of interests in the Education Advisory Council, representatives from professional and other educational associations should be invited to join the Council.
8. The Planning Board has agreed to promote a special Research Bulletin, through the offices of the Nova Scotia Research Foundation, outlining the industrial and scientific research potential of the Province.
9. The Comprehensive School Program is endorsed as adopted by the Province of Nova Scotia, but the present administrative system, or systems, should be revised or modified to make possible the fullest implementation of the program in all parts of the Province. It is proposed:
 - (a) That the present education administrative units be organized to form new units that are economically, administratively, and educationally sound.
 - (b) That the responsibility of the education program in each of these new units be placed under the direction of one broad representative Board.
 - (c) That the administration of the Comprehensive School Program in each of these new units be placed under the leadership of one superintendent to be responsible to the Board mentioned in (b) above.

10. The Government should initiate a study, in consultation, with industry and others directly concerned, preparatory to the drafting of recommendations on which legislation might be based to produce a new administrative structure essential for the full implementation of the Comprehensive School Program.
11. It is recommended that on the completion of the SACU university entrance tests they be assessed immediately by the colleges and universities of Nova Scotia; and if considered satisfactory, that they be adopted promptly for use.
12. The problem of indifferent Grade XII standards of education in some parts of the Province should be recognized as a costly waste of effort in the operation of the educational system and a 1966 recommendation that this situation be improved without delay is repeated.
13. There is a substantial amount of research and development work being undertaken within the Province which requires post-graduate qualifications at the Masters or Ph.D. level. It is recommended that a more complete study of this work should be undertaken and the results given prominence in provincial publications directed towards the attraction of new industries.
14. The Voluntary Planning Board stresses that full co-operation must be given to the Universities in their efforts to expand their graduate school facilities.
15. There is an urgent need for the Department of Manpower and Immigration to fully inform industry on the types of training which can qualify for assistance and the conditions under which it may be provided.
16. The Department of Manpower and Immigration should make retroactive compensation to those industries which conducted approved in-plant training programs

at their own expense subsequent to April 1, 1967.

17. It is understood that assistance for Manpower clients above the foreman level will not be extended generally. It is recommended that this condition be eliminated.

Consumers Advisory Council

1. The Maritime Automobile Association, in affiliation with the Canadian Automobile Association and the American Automobile Association is requested to prepare a list of garages and service stations in which the quality of service provided by each will be graded for the guidance of the motoring public.
2. The minimum "cooling off" period in Nova Scotia (for consumer purchase contracts) should be two business days and an Act containing such a stipulation should be brought to the attention of the Legislature at its next session. Where contracts are cancelled under this stipulation, the posting date of a registered letter conveying the intent to cancel should be considered as the date on which official notice to this effect has been served.

APPENDIX C

NOVA SCOTIA VOLUNTARY PLANNING BOARD
CONCLUSIONS
ON
CERTAIN TAX PROPOSALS
OF THE
CARTER ROYAL COMMISSION ON TAXATION

1. It appears that the Commission was too deeply committed to the idea of achieving 'equity' in the Canadian tax structure to maintain the needed balance between 'equity' and 'growth'.
2. The rate of capital formation which is basic to stimulating economic growth in Canada would be adversely hit under Carter. The Committee felt that Carter has overlooked the basic distinction between 'capital' and 'income'.
3. The Committee apprehends that the fiscal arrangements embodied in the report to ensuring stabilization of provincial spendings, as a part of the general stabilization policy of the Federal Government, would adversely hit growth rates in poor provinces. In turn this would tend to widen the gap in unemployment figures between the federal and provincial economies of the country.
4. The proposed tax system would hit hard small businesses in the following ways:
 - (a) The method of giving tax credits to the shareholders under the proposed system would take away liquid funds from private companies for some unspecified period of time. The time lag between the initial payment of tax at the corporate level and the eventual refund of this sum to a small company depends upon the time taken by the Tax Department in calculating the refundable tax credits and the final handing over of these funds to the concerned company.

- (b) The assessment of capital gains tax at income tax rates would liquidate small family businesses at the time these businesses pass from the deceased to inheritors. This tendency gets accentuated when more than one transfer of a given property takes place over a short period of time.
- 5. The assessment of capital gains would pose substantial problems. In fixing market prices of shares for tax purposes, the process of assessing the "cost basis of shares" in proportion to retained corporate earnings of corporations would be tantamount to taxing gains which have not actually accrued to the taxpayers.
- 6. The taxation of fringe benefits would have two adverse effects:
 - (a) It would inject considerable arbitrariness in imputing the real gain realized by people from additional amenities accruing from a job.
 - (b) This carries far-reaching implications on comparative attractiveness of already low-salaried jobs of professional people in economically backward regions of the country.
- 7. The expected shift of investors from bond market to stock market would cause an upward movement in interest rates. This carries serious implications in the availability of capital for all sectors of the Canadian economy - industry, government, municipalities, school boards and home owners.
- 8. The proposed tax reforms would inhibit the flow of foreign capital to Canada.
- 9. The development of resource industries particularly mining and oil would be seriously hit.

10. The implementation of Carter would push the provinces towards a very difficult fiscal position: the provinces would, on the one hand, be required to give up revenues from corporation tax and succession duties while, on the other hand, the provinces would be unable to replace this revenue loss by imposing an increased rate of personal income tax. The necessary resulting emphasis on retail sales taxation would leave the provincial governments considerably less autonomy in implementing different basic social philosophies.

APPENDIX D

REPORT OF INDUSTRIAL RELATIONS ADVISORY COUNCIL

Early in its operations, the Nova Scotia Voluntary Planning Board recognized the need of an Industrial Relations Advisory Council. In 1962 the Nova Scotia Joint Labour-Management Study Committee was organized by the Institute of Public Affairs of Dalhousie University. The Board, in recognizing the excellent work of this Committee and not wanting to duplicate their efforts, invited the Joint Study Committee to also act as its advisory council on industrial relations. This invitation was accepted. The report of the Industrial Relations Advisory Council as thus constituted is as follows -

The Nova Scotian economy was not exempt in 1967 from the problems which have characterized industrial relations throughout Canada and elsewhere in the current period. Nevertheless, the Joint Labour-Management Study Committee has been working steadily, in its sixth year, to improve the system and practices in collective bargaining in Nova Scotia, and to resolve certain legislative questions.

Despite current problems, it may be said that substantial progress has been made in this task by the Joint Study Committee and the yearly Joint Labour-Management Study Conferences attended by some 100 representatives of both labour and management. The recognition by management of labour's right to organize and its contribution to the economy and, by labour, of the right of the investor to a fair return has led to an acceptance of each other's role in modern industrial democracy. This mutual acceptance has brought about improved communication and an ability to look for new workable solutions to long-standing problems, without loss of responsibility on either side or the impairment of the established system of collective bargaining.

During the past year, the Joint Study Committee and the yearly conference were able to complete the unique achievement, over a five-year period, of reach-

ing a working agreement on practically all the main legislative issues dealt with by Judge A. H. MacKinnon in his report on labour legislation in 1962. The Government and Legislature have welcomed this effort and embodied the agreements in amendments to the Nova Scotia Trade Union Act in terms appropriate from this point of view. Channels of Labour-Management-Government consultation have been set up. During this period, the Joint Study Committee and yearly Conferences have also been able to reach a major Agreement on Automation and Worker Displacement and to make a solid beginning with a jointly accepted code of principles and practices governing their relationships.

In general, it may be said that the Nova Scotia Labour-Management Agreements since 1962 have been a stabilizing factor in the economy in the sense that through them employer and labour representatives have been enabled to accept each other's roles, to communicate better and to work on their problems with improved understanding.

The past year has, however, witnessed a sharp departure from the high degree of industrial peace for several years following the first Agreement of 1962. Whereas the number of work stoppages had declined drastically, as had the number of conciliation boards appointed by Government, during 1967 a number of strikes have occurred in established industries in Nova Scotia.

Difficulty was experienced in reaching collective agreements in numerous enterprises, and increased use was made of conciliation officers, conciliation boards, and industrial inquiry commissions during the past year. It needs to be said, however, that the Agreements envisaged a continuance of hard collective bargaining and a reduction but not the total elimination of strikes. The several strikes which did occur prior to contract renewal were conducted in an orderly way through to the point of settlement. Among the forces at work must be counted the inflationary factor, the impatience of the Atlantic Provinces worker with the lag behind the national and North American wage level, and other conditions of difficulty in industrial re-

lations generally at the present time.

Much more serious, however, have been the problems encountered in new industry and particularly in the construction of certain new plants. The outstanding problems have, of course, centered at the heavy water plant under construction at Glace Bay, where the Provincial Government found it necessary to appoint an industrial inquiry commission.

Under the second Agreement of 1963 a stated objective of labour and management in Nova Scotia is "to create and maintain an atmosphere that will be conducive to retaining present industry in Nova Scotia and to the encouragement of new industries". This objective is similar to one of the Board's five goals as set out in its First Plan: "the achievement of a climate, both economic and political, that will encourage the development of new industries and the expansion of existing industries". It is recognized that work stoppages such as those at the heavy water plant construction are damaging to this objective and, indeed, to the industrial image of Nova Scotia. Beyond recognizing that such problems can represent a failure on both sides, it is not the role of the Joint Labour-Management Study Committee to assess blame, but the Joint Committee does have a concern about finding the means or conditions of preventing such problems from arising.

Early in 1967, the Joint Labour-Management Study Committee appointed three sub-committees to consider, respectively, (1) the conduct of a normal strike at the expiration of an agreement; (2) strikes in essential services and industries; and (3) the illegal or "wildcat" strike. The representatives of management and labour attending the Sixth Joint Labour-Management Study Conference in November, 1967, received the reports of these three sub-committees and gave a full day to consideration of the problems of strikes.

As a result, the Sixth Conference authorized the Joint Committee to work actively on two proposals:

- (1) To develop a voluntary, internal system of arbitration
- (2) To arrange for the use of within-industry teams available to parties experiencing a problem.

The intent of both proposals is to develop voluntary labour-management methods of resolving disputes if possible before the stage of government intervention and to augment with voluntary machinery, but not to replace, existing forms of government assistance in this field.

Furthermore, the Sixth Conference endorsed the appointment by the Joint Labour-Management Study Committee of a Sub-Committee to communicate with employer and labour representatives in new industries being established in Nova Scotia with a view to providing information about the Nova Scotia Agreements and other information conducive to good labour-management relations.

The second half of the Sixth Conference was devoted to productivity. Conference members discussed, in specific terms, the nature and extent of the common interest of labour and management in productivity, the conditions under which it can be achieved, and the role of each party in achieving it. The Agreement of 1965-66 on Automation and Worker Displacement is an essential step already taken. The groundwork was laid at the Sixth Conference for further effort toward reaching an agreement of practical application in the vital area of productivity.

The Joint Study Committee was requested to endorse the proposed visit of Professor C. R. Brookbank of the Department of Commerce, Dalhousie University, to Sweden in the summer of 1967 for purposes of research significant to industrial relations in Nova Scotia, and it did so. An initial stimulus to the work of the Joint Labour-Management Study Committee in Nova Scotia came from reports of the Swedish experience since the 1930's in dealing successfully with problems such as are familiar in Nova Scotia. Those

involved in industrial relations in Nova Scotia will no doubt find much of interest in Professor Brookbank's pending reports, one of which is to be rendered to the Department of Labour on specific matters, including the Swedish Labour Court.

APPENDIX E

MAJOR DEVELOPMENTS AFFECTING NOVA SCOTIA'S
INTERNATIONAL TRADE

Two major international events occurred during 1967 which will affect the economy of Nova Scotia. These were the completion of the Kennedy Round negotiations and the devaluation of the pound sterling. The Kennedy Round tariff reductions are expected to benefit the Nova Scotia economy only to a small extent and devaluation will have unfavourable effects on Nova Scotia's economy. On balance, the detrimental effects of the devaluation are expected to more than offset any gains derived from the Kennedy Round negotiations by Nova Scotia.

The Kennedy Round Tariff Reductions

A new era of lower tariffs was negotiated at the Kennedy Round of the General Agreement on Tariffs and Trade discussions. The negotiations were conducted on the basis of the most-favoured-nation principle. According to this principle, all tariff and trade concessions granted by any one of the participating countries are automatically extended not only to the other participating countries but also to those countries which have been given the most-favoured-nation treatment through bilateral agreements.

In the Kennedy Round and in earlier GATT negotiations, the signatory countries agreed that the main purpose was to lower trade barriers through reductions in the levels of most-favoured-nation tariffs, and that during this process there would be some erosion of the various preferential tariff systems in use among several groups of countries in GATT.

The Kennedy Round tariff reductions will be phased over a period of five years. The general rule is that at least one-fifth of the total should take place each year for four years following the initial cutbacks. Canada and the United States made their initial reductions on January 1, 1968, and final reductions are to be made on January 1, 1972.

As a result of these negotiations, Canada is cutting tariffs on \$2.5 billion of imports and obtaining lower duties in foreign countries for \$2 billion of exports. Canada is reducing tariffs by an average of 24 per cent on its \$2.5 billion of imports (1966 figures).

By far the most important tariff reductions for Canada and Nova Scotia are being made by the United States, on \$1.92 billion of Canadian exports in 1966 terms. It is estimated that 45 per cent (\$85,000,000) of Nova Scotia's exports and 60 per cent of Canada's are to the United States.

The results also include reductions in the duties imposed by the European Economic Community (West Germany, France, Italy, Belgium, Netherlands and Luxembourg) on many products of interest to Canadian exporters. Approximately \$160 million worth of Canadian exports (in 1966 terms) will benefit, averaging about 30 per cent of present levels.

Approximately 95 per cent of Nova Scotian exports to Britain enter free of duty. For those exports on which preferential tariffs apply, Britain will be making proportionate reductions.

Several other Commonwealth countries - Australia, New Zealand, India, Pakistan, Ceylon, Nigeria, Jamaica, and Trinidad - took part in the negotiations. The reductions in the most-favoured-nation rates of duty negotiated by these Commonwealth countries are expected to have only slight effects on Nova Scotian exports.

Swedish tariffs as a result of the Kennedy Round have been generally reduced 50 per cent on industrial products of interest to Canada. Canadian exports in this grouping amounted to about \$7 million in 1966. The main Canadian products which will face lower tariffs include such items as machinery, electrical equipment and sporting goods. Tariff reductions on electrical equipment will also be of benefit to Nova Scotia exporters. Smaller tariff cuts on agricultural and fish commodities relevant to Nova Scotia such as canned lobster, pickles and relishes, and canned beans

will be made.

The great majority of Canada's exports to Norway, Denmark and Finland now enter these countries duty-free, and thus Nova Scotia's exports to these countries will be only marginally affected by the tariff cuts negotiated by these participants.

The major Canadian export to Japan is wheat which constituted \$90 million of the total dutiable Canadian exports of \$177 million to Japan in 1966.

Aside from wheat, Japan will be reducing tariffs on about \$35 million of Canadian exports (1966 figures). Insofar as Nova Scotia is concerned, among the main products involved are newsprint, from 7.5 per cent to 5.5 per cent (\$2 million exported from Canada), and a variety of fully manufactured products on which a 50 per cent reduction has been made.

Nova Scotia producers will face increased competition at home from foreign suppliers as a result of the Kennedy Round. However, Nova Scotia has a resource-oriented economy and the import effect on the primary producing industries should be negligible. The forestry, fishing, agricultural and mining sectors of its economy should not encounter competition at home from imports due to the tariff reductions.

Generally, Nova Scotian manufacturers should not be significantly affected at home by imports as a consequence of the Kennedy Round. Canada's tariff reductions on manufactured products were small relative to the tariff cuts made by other industrial countries, and consequently the Province still has a substantial degree of protection. In addition, Nova Scotia should benefit from being able to import its manufacturing inputs at a lower price in many instances.

The Devaluation of the British Pound

On November 25, 1967 Britain devalued the pound by 14.3 per cent. This amounted to a reduction in the pound's exchange value from \$3.00 to \$2.57 in Canadian currency. In general, Nova Scotia's exports

will be unfavourably affected to some extent from the devaluation.

British export prices will not automatically gain a full 14.3 per cent competitive advantage. It is expected that British exports will acquire a comparative price advantage of approximately 8 per cent, and their import prices should rise by approximately the same amount.

'The Economist', a leading British magazine, anticipates that British exports will increase by 10 to 15 per cent as a result of devaluation. It is further estimated that there will be a 5 to 6 per cent reduction in the volume of British imports.

Approximately \$2 billion in Canadian exports may be directly affected by devaluation. This estimate is based on the assumption that Canada's trade with 33 countries will consequently be impaired to some extent.

In addition to exports to sterling area countries, Canada will be indirectly affected in third-party countries by the strengthening of the British competitive position following the devaluation. Canadian exports of manufactured products in particular are expected to face increased competition.

The Effect of Tariff Reduction and Devaluation On Different Product Groups

Agricultural Products

Approximately \$95 million of Canadian exports of agricultural commodities to the United States will benefit from the U.S. tariff changes. With regard to Canadian agricultural exports the United States will eliminate tariffs on \$28.7 million, and make 50 per cent reductions on \$65 million.

Exports from Nova Scotia to the U.S. of peat moss and fresh and frozen blueberries will be the only agricultural products affected by the Kennedy Round of tariff reductions. The duty on peat moss, which is 0.25¢ per ton at present, will be eliminated. The

tariff on fresh blueberries will be reduced from 0.7¢ per pound to 0.3¢ per pound, while the duty on frozen blueberries will be lowered from 6 per cent to 3 per cent. As these tariffs are small they will have a negligible effect.

Tariff reductions by the EEC in the agricultural sector pertinent to Nova Scotians include canned waxed beans, from 24 to 22 per cent and raw tobacco, from 28 to 23 per cent. The Kennedy Round should only have a very small effect on exports of Nova Scotian agricultural products to the Common Market, as tariff changes by the Community on these products have been small. Moreover, non-tariff barriers are the major deterrent to trade insofar as Nova Scotian exports are concerned.

With regard to devaluation, Nova Scotia's exports of agricultural products to Britain will suffer from the expected failure of British import prices to rise and from the increased competition of third-party countries which have devalued.

It is estimated that 2 to 3 per cent (approximately \$4 million to \$6 million) of Nova Scotia's total annual exports to Britain are agricultural products. About 95 per cent of these are fruit and vegetable products.

Nova Scotian fresh and processed canned apples will be less competitive on the British market, as it is expected that Britain will have to pay approximately 7½ per cent more for her purchase of these products as a result of devaluation. The Nova Scotian apple industry may lose \$250,000 in 1967 alone, as a consequence of devaluation. Frozen mixed vegetables are also expected to be unfavourably placed.

Fish and Fish Products

The United States will eliminate tariffs on \$91.4 million of 1966 Canadian fisheries exports. This removal of tariffs applies to fresh, frozen and salted fish from both the coastal and inland fisheries. Tariff reductions, generally 50 per cent, will be made on a further \$740,000 of Canadian fisheries exports.

Nova Scotia's exports of fish and fish products to the United States will not be affected significantly. Frozen and fresh fillets, which are Nova Scotia's major fish exports to the United States were not included in the tariff reductions. These cuts will lower the final price of some fish products. However, Nova Scotia will not acquire a comparative price advantage vis-a-vis her competitors as they will also receive the tariff reductions.

With respect to fish products, the European Economic Community will be reducing tariffs 15 per cent to 33 per cent from current rates on virtually all items presently exported from Canada. The most important of these are: frozen salmon, from 10 to 8 per cent; canned salmon, from 16 to 13 per cent; fresh lobsters, from 15 to 10 or 13 per cent.

Less than 1 per cent of Nova Scotia's exports to the EEC are fish and fish products. The Kennedy Round will have a negligible effect on Nova Scotian fish exports to the Common Market as non-tariff barriers are the major deterrent to the export of these products to the Community.

With respect to devaluation, the Nova Scotia fishing industry will be unfavourably affected, especially exports to the British West Indies. Dried salt fish exports in particular will suffer. Approximately 50 per cent of Nova Scotia's exports of dried salt fish are purchased by Jamaica. This country devalued its currency by 14.5 per cent following the British devaluation.

The extent to which the Nova Scotian fishing industry will be harmed by devaluation will depend on how much Nova Scotia's competitors who devalued will raise their prices. The more they increase their prices, the more Nova Scotia's exports of fish and fish products will benefit.

Forest Products

Nova Scotian exports of spruce, eastern white pine lumber and hardboard to the United States will be af-

affected by the Kennedy Round tariff reductions. However, the only significant tariff cuts will be those on hardboard. The tariff cuts on spruce and eastern white pine lumber will only benefit the Nova Scotian industry to a small extent.

There will be a 50 per cent across-the-board reduction by the United States on imports of Canadian pulp and paper products. Nova Scotian exports of pulp and newsprint to the United States are already duty-free. Canadian exports affected by these reductions amounted to \$34.4 million in 1966.

On average Canada is reducing her tariffs by 5 per cent (from 20 per cent to 15 per cent) on paperboard products over a four-year period. This reduction, while small, will give American paperboard producers a competitive advantage over Nova Scotian paperboard producers in the Quebec market.

Insofar as forest products are concerned, European Economic Community tariff cuts on non-newsprint paper are the most important, with items being reduced from the 15-18 per cent level to the 12-15 per cent level. The Community will be reducing its tariff on wood pulp from 6 per cent to 3 per cent, while the present duty-free quota of 1.9 million metric tons annually is retained.

Regarding the effects of devaluation, the 'Economist' points out that the sterling price of Canadian pulp has gone up by the full amount of the devaluation despite the fact that there is world over-capacity in the pulp producing industry. The sterling price of Scandinavian pulp has also increased by the full amount of devaluation. Norway, however, will still have a competitive advantage over Canadian pulp producers, as Norway devalued her currency in the wake of the British devaluation.

Nova Scotia's exports of lumber to Britain constitute about 25 to 35 per cent of her total exports of lumber. The sterling price of Nova Scotian lumber exports will have to increase by 17 per cent in order to counteract the effects of devaluation. As an in-

crease of only 10 per cent has occurred, Nova Scotian exports of lumber to Britain have been drastically curtailed. However, new contract prices are expected to rise further to offset the weakened pound. The extent to which this will take place and the effect that it will have on the volume of our lumber exports to Britain is yet to be established. However, Canadian lumber producers who entered into forward contracts prior to devaluation have been very unfavourably affected since they are being paid in devalued currency at the contract price negotiated before devaluation.

Iron and Steel Products

There have been much less significant changes in tariffs by the United States on Canadian exports of iron and steel products. In fact, as a result of the Kennedy Round, there has been a move toward greater harmonization of tariff levels among the major producing countries. Reductions in duty will occur on Canadian exports of iron and steel products to the United States. In 1966, our shipments to the U.S. amounted to \$94.8 million.

At the Kennedy Round the European Coal and Steel Community negotiated both for reduction of duties on iron and steel imports and for the establishment of a common tariff to apply to imports into the Community. The average level of effective rates will be lowered to a range of 3 to 7 per cent from 4 to 9 per cent. Approximately \$5 million of Canadian exports (1966 figures) will benefit, mainly pig iron, hot-rolled steel rods, structural shapes and sheet piling, and sheets and strips. However, the EEC tariff reductions will have no effect on the Nova Scotian iron and steel industry as this Province does not export iron and steel products to the Community.

Insofar as the Nova Scotia iron and steel industry is concerned, devaluation will have little effect.

Manufactured Products

Canadian exporters of manufactured goods will benefit from United States tariff reductions (\$700 million in 1966). Nova Scotia's position will also improve to some extent. The majority of United States' tariffs

on manufactured goods will now be 10 per cent or less, amounting to a reduction of 50 per cent in some cases and free entry for products which already had low tariffs.

However, while the tariff cuts made by the United States offer potentially easier access for Canadian exports, the same opportunities are available to all other members of GATT (and to those countries which have been given most-favoured-nation treatment by individual member countries of GATT through bilateral agreements: e.g., the Soviet Union). Consequently, while Canada has improved its position vis-a-vis domestic producers in the United States, we have no advantage over third countries exporting to the United States.

Moreover, Nova Scotian and Canadian exporters of manufactured products will have their beneficial effects nullified to some extent by non-tariff barriers to trade - particularly transportation costs.

The Kennedy Round will only have a small effect on the Nova Scotian textile industry. Competition from foreign producers who are heavily subsidized by their governments and/or employ cheap labour is the major barrier to trade in Nova Scotia.

Nova Scotia manufacturers of electrical equipment who export to the United States should be able to increase their sales as a result of the tariff cuts. They will have easier access to wider markets, and they will benefit according to the degree that they can achieve economies of scale. The United States duty on televisions and parts will be phased down from 10 to 5 per cent; radio-phonograph combinations, from 13.8 to 6.5 per cent; record players and parts, from 11.5 per cent to 5.5 per cent.

The Common Market's tariffs on manufactured goods are being reduced generally by 50 per cent from the present range of 10 to 15 per cent to 5 to 8 per cent. Items pertinent to Nova Scotia trade include various machinery and electrical equipment and parts.

Devaluation will have a definite impact on the Nova Scotian textile and pleasure craft industries. It will be harmful to the textile industry because Nova Scotia will face stiffer competition from the countries that have devalued. On the other hand, the pleasure craft industry will benefit significantly. A number of items, such as marine deck hardware, are imported from Britain and used in the construction of Nova Scotia pleasure craft.

Summary

In conclusion, the Kennedy Round tariff reductions should benefit the economy of Nova Scotia only to a small extent. In most instances the cutbacks were either too small or occurred in products where tariffs did not constitute the major barrier to trade. Moreover, many reductions which would have been of value to Nova Scotia were not included in the Kennedy Round Agreement. Also, restrictions on trade may be introduced by other means rather than tariffs such as: import quotas, export restrictions, and exchange-control systems. These may be used unilaterally by GATT signatory nations to offset the benefits extended to trading partners by the GATT. The extent to which these devices will be used cannot be predicted at this time.

Overall, devaluation will have some unfavourable effects on Nova Scotia trade but it is still too early to evaluate this with any precision.

Details of tariff reductions of interest to Nova Scotia on certain selected and representative commodities as a result of the Kennedy Round Negotiations are as follows.

TABLE E-I—TARIFF REDUCTIONS

Item	Product Description	Present Rate	Final Rate
<u>British Tariff Reductions</u>			
43.03	Fur goods and apparel	25%	20%
44.03 (D)(1)	Softwood, pulpwood	8/-per standard	Free
44.05 (A)(7)(a)	Rough lumber, softwood	8/-per standard	Free
44.13 (A)	Dressed lumber, softwood	7½%	5%
48.01 (A)(1)	Liner Board	12½%	10%
<u>Danish Tariff Reductions</u>			
16.05	Canned lobsters	80 ore/kg.	40 ore/kg.
<u>European Economic Community Tariff Reductions</u>			
43.02A	Fur skins, tanned and dressed	7½%	4.5%
43.03A	Fur skins (articles of clothing)	19%	9.5%
47.01B 1 & 11	Wood pulp	6% (duty-free for 1,935,000 metric tons)	3% (duty-free for 1,935,000 metric tons)

TABLE E-I (Continued)

48.01A	Newsprint	7%	7% (duty-free for 625,000 metric tons)
44.14	Veneers	8%	7%
<u>Japanese Tariff Reductions</u>			
ex. 48.01-2(1)	Newsprint paper, containing ground-wood pulp, in rolls exceeding 80 cm. in width and weighing not more than 58g/sq.m.	7.5%	5.5%
<u>Swedish Tariff Reductions</u>			
16.05.191	Canned lobsters	75 kr/100 kg.	40 kr/100 kg.
<u>Swiss Tariff Reductions</u>			
41.01.10	Raw hides and skins	0.20 fr/100 kg.	0.10 fr/100 kg.
43.01.01	Raw furskins	0.50 fr/100 kg.	0.30 fr/100 kg.
43.03.12	Articles of apparel and clothing accessories of certain furskins	0.50 fr/100 kg.	0.30 fr/100 kg.
47.01.32	Wood pulp	1200 fr/100 kg.	1000 fr/100 kg.
47.01.36	Wood pulp	5 fr/100 kg.	4 fr/100 kg.
		7 fr/100 kg.	4 fr/100 kg.

TABLE E-I (Continued)

U.S. Tariff Reductions

<u>Agriculture</u>			
<u>Fresh apples</u>			
146.10	Candy and other confectionery	0.25c./lb.	Free
157.10	Fresh blueberries	14%	7%
146.50	Frozen blueberries	0.7c./lb.	0.3c./lb.
146.68	Peat Moss	6%	3%
192.50		25 c./ton	Free
<u>Fisheries</u>			
<u>Fresh, chilled or frozen cod, eels, haddock, pollock</u>			
110.15	Fresh, chilled or frozen halibut	0.5 c./lb.	Free
110.20	Fresh or chilled mackerel	0.50 c./lb.	Free
110.25	Fresh or chilled swordfish	0.5 c./lb.	Free
110.30	Other fish, fresh, chilled or frozen	1 c./lb.	Free
110.35	Fish fillets other than of groundfish and yellow perch	1 c./lb.	0.5 c./lb.
110.60	Cod, haddock and pollock salted or pickled, whole	1.5 c./lb.	Free
111.22	Cod, haddock and pollock salted or pickled, skinned or boned	0.2 c./lb.	Free
111.28	Herring, salted or pickled	0.75 c./lb.	Free
111.32	Groundfish, smoked or kippered, other than whole	0.1 c./lb.	Free
111.68		0.9 c./lb.	Free

TABLE E-I (Continued)

112.10	Herring in containers over 15 lbs.	5%	Free
110.47	Fish frozen in block over 10 lbs.	1 c./lb.	Free
202.03	<u>Forestry</u> Spruce lumber	35 c. per 1000 ft. bd. measure	Free
202.06	Eastern white pine lumber	25 c. per 1000 ft. bd. measure	Free
245.10	Hardboard, over \$48.33 1/3 but not over \$96.66 2/3 per short ton	\$7.25 per short ton	7.5%
245.30	Face-finished hardboard	26%	15%
256.54	Boxes of paper, of paper board of papier mache, n.e.s.	14%	7%
683.10	<u>Machinery and Mechanical Equipment</u>	17%	8.5%
685.20	Lead-acid type storage batteries	10%	5%
685.30	Television apparatus and parts	13.75%	6.5%
685.32	Radio phonograph combinations Record players and parts	11.5%	5.5%

APPENDIX F

INDUSTRIAL PARKS IN NOVA SCOTIA

There were thirteen industrial parks in Nova Scotia at the close of 1967, ten of which were operative and three were in various stages of planning. The number of parks is a good indication of the attempts by the public and private sectors to help new industry to establish in the Province.

There are 52 firms located in the industrial parks in Nova Scotia currently employing over 3,800 persons (see Table F-1). This is an impressive record when it is considered that the majority of these parks are less than five years old.

The majority of these parks are best suited for light industry. The notable exceptions are Point Tupper and Point Edward, both of which are capable of accommodating heavy industry.

The sponsorship of industrial parks in Nova Scotia is varied (see Table F-2). Four of the established parks are sponsored by municipalities and are located at Truro, Amherst, Lakeside (Halifax Co.) and Windsor. The Provincial Government, through its Crown Corporation, Industrial Estates Limited, sponsors two parks, Woodside (Dartmouth) and Pictou Estate at Stellarton. The Nova Scotia Department of Trade and Industry sponsors a park at Point Tupper. The park at Pt. Edward (Cape Breton Co.) is jointly sponsored by the Federal and Provincial Governments. There are two privately sponsored parks, Commodore Commercial Estates in Dartmouth, which has the largest number of tenants of any park in the Province, and Bedford Industrial Park. In addition to these established parks, there are three parks in the planning stage at Dartmouth, Shelburne and Yarmouth which will be under municipal sponsorship.

One of the basic purposes of industrial parks is to provide industry with suitable land serviced with electricity, water and sewage disposal. In some Nova Scotia parks these facilities are provided in advance of potential industry wishing to locate, while in others these

services are made available after the prospective tenant decides to locate. All of the ten existing parks are either serviced with electricity or are capable of having the necessary facilities installed to meet normal industrial requirements. Nine of the existing parks are serviced with water. Eight of the existing parks are serviced to handle untreated sewage disposal.

An important requirement of any industrial park is adequate transportation service. All of the parks are served by highways and six are presently served by rail. The parks served by rail have spur lines from which some individual plants can be provided with a private siding.

Both primary and secondary manufacturing are carried out in the Province's industrial parks (see Table F-3). There are three primary manufacturing firms employing just over 500 persons. Secondary manufacturing is by far the most important type of industry in terms of number of firms and employees. There are 23 secondary manufacturing firms accounting for approximately one-half the total number of firms in industrial parks, and employing over 2,700 persons. Eleven distribution firms are located in the industrial parks and employ approximately 360 persons. There are three warehousing firms located in the parks employing 42 persons. The service industry is represented by twelve firms employing approximately 160 persons.

The physical size of the industrial parks in the Province ranges from approximately 100 acres to 300 acres, with two exceptions. Point Tupper and Point Edward are very much larger, both being in excess of 250,000 acres.

A valuable means of promotion of industrial parks is a printed brochure providing information on all aspects of the park. Of the ten established parks in Nova Scotia, five use printed brochures. The remaining prefer a direct selling approach. Most of the parks have very limited funds available for promotional programs. Advertisements in industrial publications are frequently used by park officials to publicize the

attractiveness of industrial parks.

The industrial parks of Nova Scotia have met with considerable success and are an integral part of the Province's development program.

TABLE F-1—INDUSTRIAL PARKS IN NOVA SCOTIA AS AT DECEMBER 31, 1967

Name of Park	Location	Sponsorship	Number of Firms Located in Park	Total Number of Employees	Type of Industry in the Industrial Park
<u>Established:</u>					
Lakeside Industrial Park	Halifax County	Municipal	5	385	Distribution, Warehousing Service
Bedford Industrial Park	Bedford	Private	1	15	Primary Manufacturing
Comodore Commercial Estates	Dartmouth	Private	18	600	Secondary Manufacturing Distribution, Warehousing
Woodside Industrial Park	Dartmouth	Provincial - IEL	3	412	Secondary Manufacturing
Amherst Industrial Park	Amherst	Municipal	2	35	Secondary Manufacturing Distribution, Warehousing
Truro Industrial Park	Truro	Municipal	6	188	Secondary Manufacturing Distribution, Warehousing
Pictou Estate	Stellarton	Provincial - IEL	3	900	Secondary Manufacturing
Point Tupper Industrial Park	Point Tupper	Provincial - Trade and Industry	6*	800	Primary Mfg., Secondary Mfg. (with Linkage)
Point Edward Industrial Park	Point Edward (Cape Breton Co.)	Fed. & Prov. (ADB; Dept. Trans.; IEL)	6	475	Primary Mfg. Distribution Warehousing Service
Windsor Industrial Park	Windsor	Municipal	2	35	Secondary Mfg. Distribution, Warehousing
<u>Proposed:</u>					
Dartmouth Industrial Park	Dartmouth	Municipal	n.a.	n.a.	n.a.
Shelburne Industrial Park	Shelburne	Municipal	n.a.	n.a.	n.a.
Yarmouth Industrial Park	Yarmouth	Municipal	n.a.	n.a.	n.a.

*Figure includes proposed firms to be established in Park
Source: YEP

TABLE F-2
 QUANTITATIVE ANALYSIS BY SPONSORSHIP OF INDUSTRIAL PARKS IN NOVA SCOTIA, DECEMBER 31, 1967

Park Sponsorship	No. of Parks	Existing Services		Serviced By Rail	No. of Firms In Park	No. of Employees In Park
		Electricity	Water Sewage			
Municipal	4	4	4	4	15	643
Provincial	3	3	3	2	12*	2,112
Private	2	2	2	1	19	615
Federal-Provincial	1	1	1	1	6	475
Municipal (Proposed)	3	-	-	-	-	-
	<u>13</u>	<u>10</u>	<u>9</u>	<u>6</u>	<u>52</u>	<u>3,845</u>

*Figure included proposed firms to be established in Parks.
 Source: VEP

TABLE F-3

NUMBER OF FIRMS IN INDUSTRIAL PARKS IN NOVA SCOTIA
ACCORDING TO INDUSTRIAL CLASSIFICATION
DECEMBER 31, 1967

Industrial Classification	Number* of Firms	Number of Employees
Primary Manufacturing	3	505
Secondary Manufacturing	23	2,771
Distribution	11	366
Warehousing	3	42
Service	12	161
TOTAL	52	3,845

*Includes firms proposed to be established in parks.

Source: VEP

APPENDIX G

PUBLICATIONS OF
NOVA SCOTIA VOLUNTARY PLANNING BOARD

Copies of the following publications are available by mail from the Queen's Printer, P. O. Box 368, Halifax upon receipt of a cheque or money order drawn to the order of the Minister of Finance and Economics, Province of Nova Scotia.

<u>Title</u>	<u>Price</u>
An Analysis of the Nova Scotia Apple Industry (1930 to 1972), by N.G. Mulder	*
Demand and Production Analysis of Agriculture in Nova Scotia (1950 to 1972), by H.K. Larsen .	\$3.00
Report on Progress, Overall Plan, Nova Scotia to 1968	*
First Plan for Economic Development to 1968 ...	3.00
Plan for the Agriculture Sector	2.50
Plan for the Fisheries Sector	2.50
Plan for the Forestry Sector	2.50
Plan for the Mining Sector	2.50

<u>Title</u>	<u>Price</u>
Plan for Secondary Manufacturing Sector, by R. Ian Logan and George P. Miller	\$2.50
Plan for the Transportation and Communication Sector	2.50
Report of Fur, Fish, Game and Recreation Segment Committee	2.50
A Study of Nova Scotia Exports (Fiscal 1937-38, 1947 to 1963), by John F. Earl	2.50
A Study of Employment Trends in the Services Sector of the American, Canadian and Nova Scotia Economies (1921-1961), by D.P. Schafer ...	2.50
Sydney Steelmaking Study	1.00

* These publications are out of print and demands do not warrant reprinting. Copies of all publications are available in most university and public libraries.

APPENDIX H

16 mm COLOUR FILM

Title: AND NOW

Time: 16 min. 11 sec.

A copy of "AND NOW" is available at the locations listed below. It may be borrowed without charge except the cost of shipping which must be borne by the user.

VOLUNTARY ECONOMIC PLANNING
4th Floor, Provincial Building, HALIFAX
Phone: 422-7341 - Ext. 542
Miss D. M. Stevens

AUDIO-VISUAL EDUCATION UNIT
Department of Education
5240 Blower Street, HALIFAX
Phone: 422-7341 - Ext. 446

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1572 Barrington Street
Phone: 422-8391
Mr. P. G. MacLeod

NEW GLASGOW - Federal Building
East River Road
Phone: 752-7159
Mr. E. A. Fraser

SYDNEY - Federal Building
Dorchester Street
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88 Warwick Street
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409 Main Street
Phone: 678-2065
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